



# **Town of Mooresville, North Carolina**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2013**

**Prepared By:**  
Department of Finance



**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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*For The Fiscal Year Ended June 30, 2013*

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# INTRODUCTORY SECTION







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

October 31, 2013

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, 2013. 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. The Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. 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, have issued an unqualified opinion on the Town of Mooresville's financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section in this report.

The independent audit of the financial statements of the Town was part of a broader, federal and state mandated "Single Audit" designed to meet the regulatory needs of grantor agencies. The standards of governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These auditor reports are available in the Single Audit section of this report.

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 situated 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-weighting platform so the Town could become a stop on the railroad's route from the City of Statesville to the City of Charlotte. The Town's location between the Charlotte metropolitan area and the City of Statesville, the County seat, has created diversified employment opportunities ranging from financial, educational, medical and governmental to industrial and research 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 statute 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 in June 2012 and June 2013 with tax values of approximately \$4,557,180 and \$7,974,600 respectively. The last involuntary annexation by the Town occurred in February 2002, when 21 tax parcels with a tax value of approximately \$1,074,000 were annexed.

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 two-year terms. Miles Atkins currently serves as the Mayor of Mooresville.

The Mayor Pro Tempore performs the duties of the Mayor in the Mayor's absence or disability. The Mayor Pro Tempore has no fixed term of office, but serves in such capacity at the discretion of the remaining members of the Board. Mac Herring currently serves as the Mayor Pro Tempore. The six members of the Board of Commissioners are elected in non-partisan elections to serve four-year terms. The Board appoints the Town Manager to serve as the Chief Administrative Officer of the Town. He is responsible for implementing the policies of the Board of Commissioners, directing business and administrative procedures and appointing departmental officers.

The Town of Mooresville provides a full range of services to its citizens, including police and fire protection, construction and maintenance of streets and other infrastructure, traffic control, recreational activities, cultural events, and sanitation in the form of solid waste collection. The Town also owns and operates a cemetery and a golf course. In addition to the services previously listed, the Town operations 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 Council. The Town also maintains an encumbrance accounting system as one technique to accomplish budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances generally are re-appropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

***Commerce and Industry***

The Town is located within 15 miles of three interstate highways and is approximately 23 miles from the Charlotte-Douglas International Airport. Interstate 77 passes through the Town, and Interstates 40 and 85 are within a 15-minute drive.

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 \$224,000,000. A number of ancillary businesses are located within 10 to 15 minutes of the facility.

The Mooresville/Southern Iredell County area is a key employment center in the Charlotte region for industrial, headquarters/back office and motorsports. The area has seen a tremendous population growth over the past several years providing companies with a solid workforce along with an excellent quality of life, excellent highway accessibility and low operating costs.

***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 seventy-five percent since 2000, the Town is now home to over thirty-four thousand residents and counting.

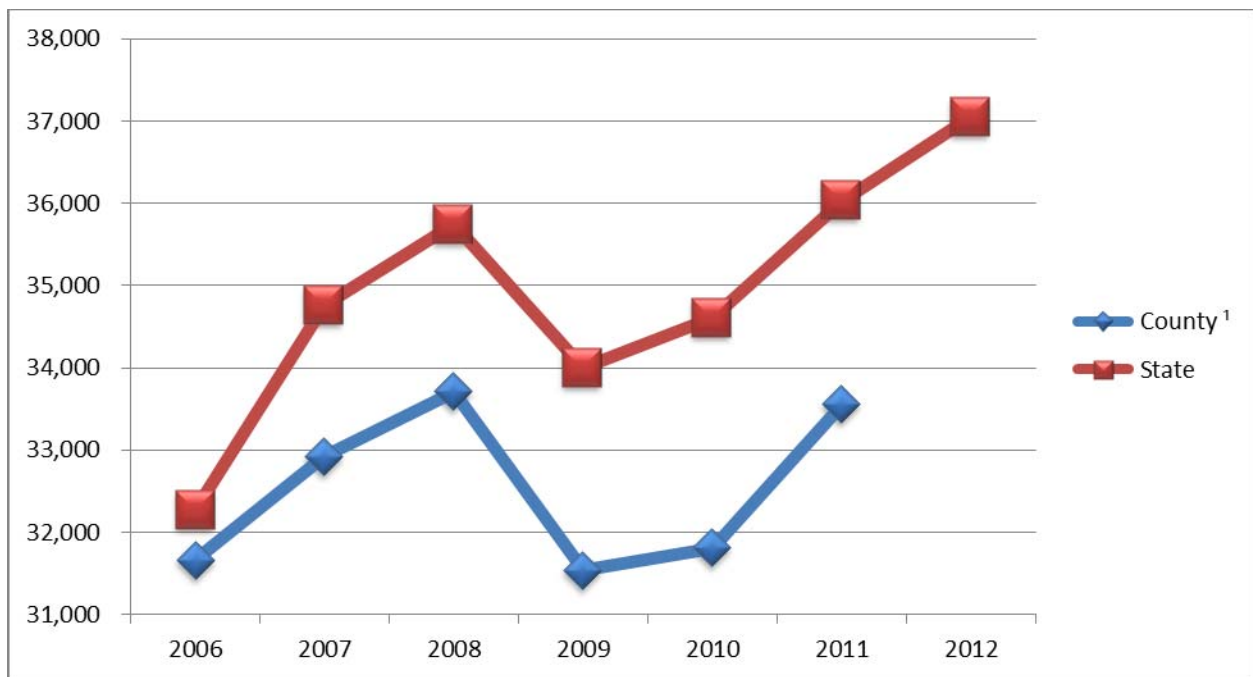
According to the United States Department of Commerce, Bureau of the Census, the population of the Town has been recorded as follows:

<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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
26,689	27,628	30,324	30,797	32,848	33,387	34,209

Per capita income draft for the County and the State are presented in the following chart:



<sup>1</sup> Separate data for the Town are not available. Data for Iredell County is not available for 2012/2013 as of June 30, 2013.

Source: United States Department of Commerce, Bureau of Economic Analysis.

### ***Local Economy***

The Town has been very 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. With nineteen shopping centers, the town offers two-point-four million square feet of retail space.

The Town is located on beautiful Lake Norman, featuring such water-related activity as skiing, sailing, wake boarding, charter cruises and fishing. People move to Mooresville for the quietness of the community, the proximity to a large metropolitan area, the quality of the schools and the lakefront community. The Town's median household income is about \$60,000, well above other comparable communities.

According to *Site Selection Magazine*, the Mooresville-Statesville area has been voted America's number one Micropolitan Community for Economic Development for nine of the past eleven years. Several corporations have located their headquarters here, including Lowe's Corporation, Carolina Beverage, General Microcircuits, Best Sweets 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 serving specialized industries and highly-trained individuals. Mooresville’s Advance Manufacturing Initiative focuses on industries that require a skilled labor force, high-paying wages and advanced technology.

The Town of Mooresville, Iredell County, and the Mooresville-South Iredell Economic Development Corporation are very pro-business, focusing on core sectors and planning for future business development. Our local economic development plans focus on the use of technology to improve products that are innovative and cutting-edge.

The Town is primarily served by the Mooresville Graded School District, which ranks third in the state in academic achievement, with eighty-six percent of graduating students pursuing college. President Obama visited the Mooresville Middle School in June to study and tout the successes of this small school district with a big vision.



The nationally-acclaimed school district made a paradigm shift years ago with its Digital Conversion Initiative, designed to put a laptop in the hands of every student to create a more engaging learning environment. The Initiative has proven wildly successful and continues to receive national attention. In addition to the Mooresville Graded School District, the Town is served by the Iredell-Statesville Schools, along with numerous private and charter schools. The Town also hosts Mitchell Community College and UTI’s NASCAR Technical Institute.



The availability of parks and recreational opportunities plays a large role in enhancing the quality of life of the community. The Town operates an extensive recreation program with parks, tennis courts, basketball courts, lighted ball fields, gyms for basketball and volleyball, turf fields for outdoor soccer play, a disc golf course and much more. The Town's Cultural & Recreation Services maintains diverse facilities throughout the Town and hosts programs for all residents, from afterschool programs to senior activities, from dance lessons to outdoor concerts. The Selma Burke Community Center, Mooresville's newest recreation facility, opened to the public in May, 2013 after being purchased and repurposed to provide a combination of social and recreational programming.

Also this year, we broke ground on our fifth fire station to better serve the needs of our growing community. With just over 9,000 square feet, Fire Station 5 is a \$1.86 million facility located on Balmy Lane. The station houses 10 personnel during each 24 hour shift, as well as a ladder truck and engine company. The new station provides Mooresville Fire-Rescue with a strategic presence in what is considered the "center" of Mooresville and their service area.



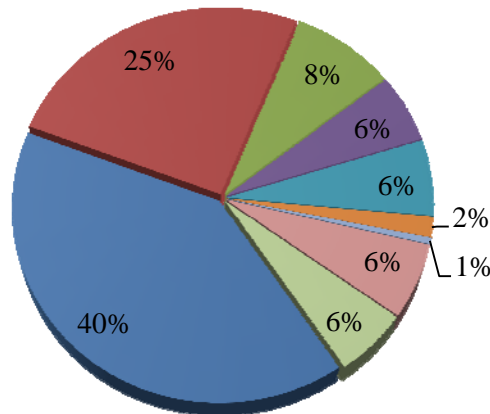
The Town's community has a pro-business atmosphere, award-winning schools, and a strategic plan focused on well-planned growth. From the beauty of Lake Norman to the quaintness of downtown, it is the people of this community that make Mooresville a great place to live, work and play.

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

The fiscal year 2013-14 Annual Budget was adopted by the Town Board of Commissioners on June 17, 2013. The combined capital and operating budget for the fiscal year beginning July 1, 2013 totals \$75,623,890, representing a 11.6% decrease from the fiscal year 2012-13 Annual Budget. The fiscal year 2013-14 budget reflects a projected 1.05% increase in actual property tax revenues from the prior year, and a 4.3% projected increase in sales tax over the fiscal year 2013 budget. Budgeted water and sewer revenues were decreased by 5% consistent with the rate model projections. The 2013-14 operating budget continues to fund current operations and provides additional funding for maintenance improvements at recreational facilities, upgrades at the Charles Mack Citizen Center, maintenance equipment at the Mooresville Municipal Golf Course and aerators and actuators at the Water and Wastewater Treatment Plants.

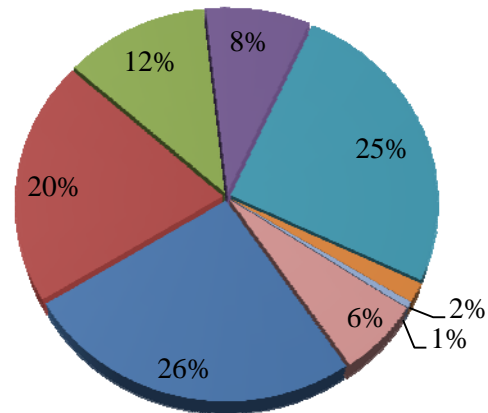
The 2013-14 capital budget includes \$3,784,512 in new projects. This budget includes traditional revenue funding for technology upgrades, public safety equipment, sidewalks, vehicles, golf course equipment, recreation facility improvements, pump stations upgrades and treatment plant equipment. With 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 \$75,623,890**



- Property Tax - \$30,400,000
- Utility Charges - \$19,209,912
- Sales Tax - \$6,300,000
- Intergovernmental Taxes - \$4,318,000
- Fund Balance - \$4,766,599
- Powell Bill - \$1,265,000
- Community Development - \$404,255
- Debt Proceeds - \$4,725,248
- Fees, Interest, Transfers, Miscellaneous - \$4,234,876

**Expenditures \$75,623,890**



- General Administration - \$23,348,375
- Public Safety - \$15,453,725
- Public Services/Works - \$4,824,560
- Recreation/Cultural - \$6,392,815
- Utilities - \$19,209,912
- Powell - \$1,265,000
- Community Development - \$404,255
- General Fund Financed Capital Projects - \$4,725,248

***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.

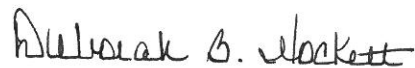
The preparation of this report has been accomplished by the Town's Finance Department staff. The contributions of all are invaluable and clearly reflect the high standards we have set for ourselves.

It is also appropriate to thank the Mayor and members of the Town Council 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 MOOREVILLE, NORTH CAROLINA  
LIST OF ELECTED AND APPOINTED PRINCIPALS OFFICIALS**

**ELECTED OFFICIALS**



Miles Atkins  
Mayor



Mac Herring  
Mayor Pro-tem  
(Commissioner Ward 3)



Bobby Compton  
Commissioner at Large



Rhett Dusenbury  
Commissioner at Large



Eddie Dingler  
Commissioner Ward 1



Thurman Houston  
Commissioner Ward 2



Lisa Qualls  
Commissioner Ward 4

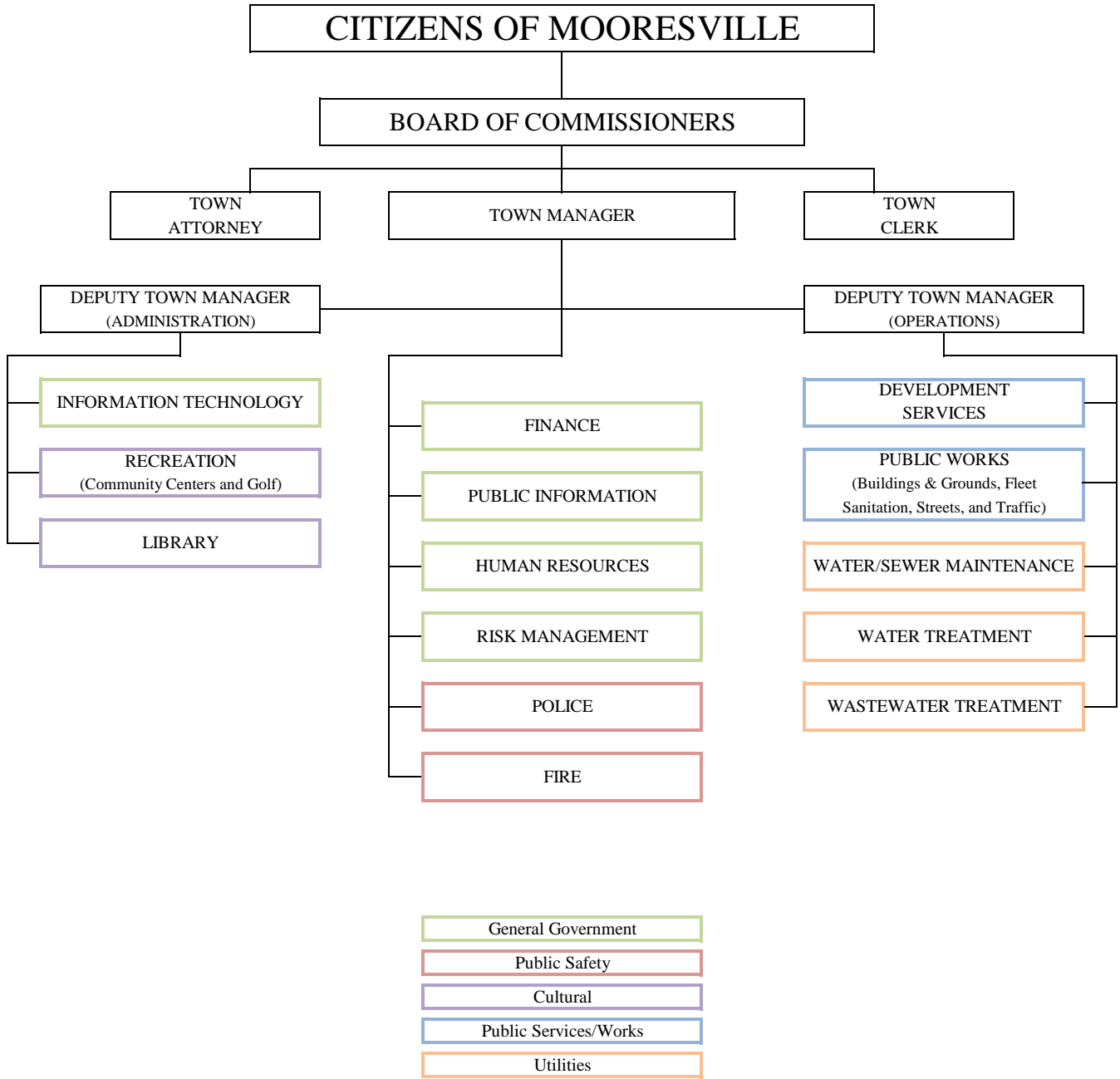
**APPOINTED OFFICIALS**

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, 2012**

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Mooresville, North Carolina, as of and for the year ended June 30, 2013, 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. 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, 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 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 unit, each major fund, and the aggregate remaining fund information of the Town of Mooresville, North Carolina, as of June 30, 2013, 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 21-29 and 81-82, respectively, 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 U.S. Office and Management and budget Circular A-133, *Audits of State and Local governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 31, 2013 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 31, 2013

## **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, 2013. 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.

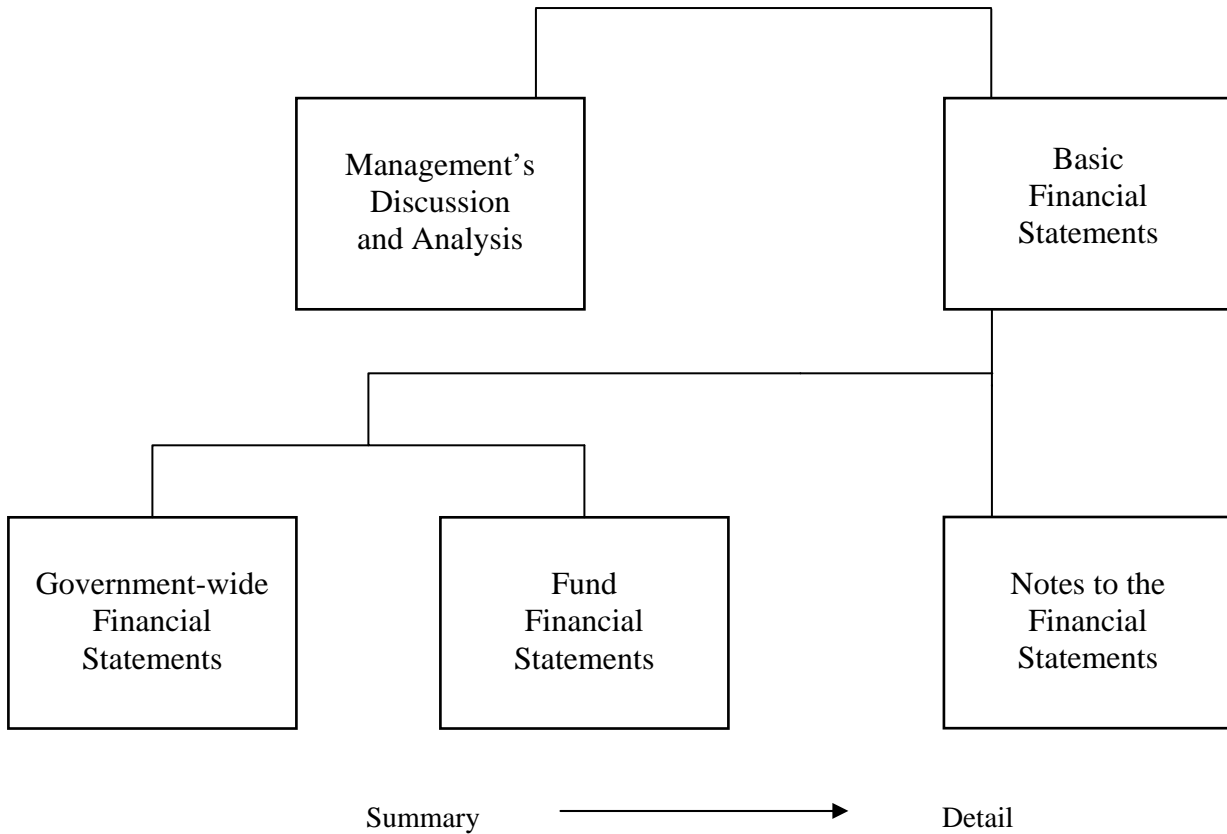
### **Financial Highlights**

- The assets of the Town of Mooresville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$140,520,894 (*net position*).
- The government's total net position increased by \$6,132,017. The net position of the governmental activities decreased by \$1,460,446 and the business-type activities increased by \$7,592,463.
- As of the close of the current fiscal year, the Town of Mooresville's governmental funds reported combined ending fund balances of \$30,028,564 a decrease of \$6,182,422 in comparison with the prior year. Approximately 61 percent of this total amount or \$18,336,270 is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,692,294 or approximately 25 percent of total general fund expenditures for the fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to 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 of Mooresville.

**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, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

## Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how 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 and sewer services offered by the Town. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the Board. The Board of Commissioners appoints the ABC Board's members and the ABC Board is required to distribute its profits to the Town.

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 new parks, park improvements, recreation center improvements, a picnic shelter, a fire training facility, a new fire station, street improvements, and a telecommunication acquisition and improvements.

**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.

**Utility Capital Projects Fund.** This fund is used to account for the wastewater plant expansion, pump station improvements, a biosolids belt dryer, line extensions 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 (A Component Unit of the Town of Mooresville) and Mooresville Travel and Tourism.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 43-79 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 80 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	
	2013	2012 as restated	2013	2012 as restated	2013	2012 as restated
<b>Assets:</b>						
Current and other assets	\$ 35,652,950	\$ 40,370,258	\$ 36,147,083	\$ 35,133,852	\$ 71,800,033	\$ 75,504,110
Capital assets	163,460,306	163,932,687	138,127,480	136,304,602	301,587,786	300,237,289
<b>Total assets</b>	<b>199,113,256</b>	<b>204,302,945</b>	<b>174,274,563</b>	<b>171,438,454</b>	<b>373,387,819</b>	<b>375,741,399</b>
<b>Liabilities:</b>						
Long-term liabilities						
outstanding	133,598,690	138,207,304	80,731,783	84,688,451	214,330,473	222,895,755
Other liabilities	12,310,248	11,367,196	5,673,267	6,323,084	17,983,515	17,690,280
<b>Total liabilities</b>	<b>145,908,938</b>	<b>149,574,500</b>	<b>86,405,050</b>	<b>91,011,535</b>	<b>232,313,988</b>	<b>240,586,035</b>
Deferred inflows of resources	236,699	300,380	316,238	466,107	552,937	766,487
<b>Total liabilities and deferred inflows of resources</b>	<b>146,145,637</b>	<b>149,874,880</b>	<b>86,721,288</b>	<b>91,477,642</b>	<b>232,866,925</b>	<b>241,352,522</b>
<b>Net position:</b>						
Net investment in capital assets	39,411,617	35,583,120	53,868,075	56,729,563	93,279,692	92,312,683
Restricted	5,755,920	13,354,084	-	-	5,755,920	13,354,084
Unrestricted	7,800,082	5,490,861	33,685,200	23,231,249	41,485,282	28,722,110
<b>Total net position</b>	<b>52,967,619</b>	<b>54,428,065</b>	<b>87,553,275</b>	<b>79,960,812</b>	<b>140,520,894</b>	<b>134,388,877</b>

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 \$140,520,894 as of June 30, 2013. The Town's net position increased by \$6,132,017 for the fiscal year ended June 30, 2013. However, a large portion (66 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, \$5,755,920, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$41,485,894 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 96.85 percent, which is comparable to the statewide average of 97.42 percent.
- Increased sales tax revenue of \$275,765 due to economic growth.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012 as restated	2013	2012 as restated	2013	2012 as restated
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,781,279	\$ 2,681,528	\$ 21,597,300	\$ 21,164,954	\$ 24,378,579	\$ 23,846,482
Operating grants and contributions	3,420,993	3,629,855	-	-	3,420,993	3,629,855
<b>Total program revenues</b>	<b>6,202,272</b>	<b>6,311,383</b>	<b>21,597,300</b>	<b>21,164,954</b>	<b>27,799,572</b>	<b>27,476,337</b>
<b>General revenues:</b>						
Property taxes, levied for general purpose	30,880,441	27,098,671	-	-	30,880,441	27,098,671
Motor vehicle taxes	-	1,576,657	-	-	-	1,576,657
Other taxes	222,861	9,041,072	-	-	222,861	9,041,072
Investment earnings	22,988	20,534	20,591	32,013	43,579	52,547
Grants and contributions not restricted to specific programs	9,769,561	285,975	-	-	9,769,561	285,975
Reimbursement from joint ventures	7,279,734	7,291,797	-	-	7,279,734	7,291,797
Miscellaneous	1,037,823	636,552	-	-	1,037,823	636,552
<b>Total general revenues</b>	<b>49,213,408</b>	<b>45,951,258</b>	<b>20,591</b>	<b>32,013</b>	<b>49,233,999</b>	<b>45,983,271</b>
<b>Total revenues</b>	<b>55,415,680</b>	<b>52,262,641</b>	<b>21,617,891</b>	<b>21,196,967</b>	<b>77,033,571</b>	<b>73,459,608</b>
<b>Expenses:</b>						
<b>Primary government:</b>						
General government	9,146,057	9,989,465	-	-	9,146,057	9,989,465
Transportation	3,907,548	3,743,392	-	-	3,907,548	3,743,392
Public safety	15,569,175	14,420,428	-	-	15,569,175	14,420,428
Economic and physical development	13,124,648	9,268,623	-	-	13,124,648	9,268,623
Environmental protection	1,849,663	2,149,440	-	-	1,849,663	2,149,440
Cultural and recreation	6,514,640	5,337,073	-	-	6,514,640	5,337,073
Interest on long-term debt	6,764,395	6,014,640	-	-	6,764,395	6,014,640
Utility	-	-	14,025,428	12,588,638	14,025,428	12,588,638
<b>Total expenses</b>	<b>56,876,126</b>	<b>50,923,061</b>	<b>14,025,428</b>	<b>12,588,638</b>	<b>70,901,554</b>	<b>63,511,699</b>
Change in net position before transfers	(1,460,446)	1,339,580	7,592,463	8,608,329	6,132,017	9,947,909
Transfers	-	650,000	-	(650,000)	-	-
Change in net position	(1,460,446)	1,989,580	7,592,463	7,958,329	6,132,017	9,947,909
Net position-beginning	54,428,065	52,438,485	79,960,812	72,002,483	134,388,877	124,440,968
<b>Net position-ending</b>	<b>\$ 52,967,619</b>	<b>\$ 54,428,065</b>	<b>\$ 87,553,275</b>	<b>\$ 79,960,812</b>	<b>\$ 140,520,894</b>	<b>\$ 134,388,877</b>

**Governmental Activities.** Governmental activities decreased the Town's net position by \$1,460,446. Key elements of this decrease are as follows:

- The Town recognized a decrease in net position in the Governmental Funds, primarily because of land purchases, a new fire truck, replacement of police vehicles and the construction of a new fire station.

**Business-type Activities.** Business-type activities increased the Town's net position by \$7,592,463. While charges for services increased by \$432,346 or 2.0 percent compared to prior year, expenses increased by \$1,436,790 or by 11.4 percent.

### **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 \$30,028,564, a decrease of \$6,182,422 in comparison with the prior year. Approximately 39 percent of this amount \$11,692,294 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 \$22,643,418. 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 25 percent of total General Fund expenditures, and total fund balance represents 65 percent of that same amount.

At June 30, 2013, the governmental funds of Town of Mooresville reported a combined fund balance of \$30,028,564 a 17.1 percent decrease over last year. Included in this change in fund balances are decreases in fund balance in the General Fund and Capital Projects Fund and an increase in the Other Governmental Fund. Expenditures for land and a new fire station resulted in the decrease in the General fund. Expenditures for new parks and improvements, recreational building improvements, street and sidewalk improvements, and construction of fire training facility resulted in the decrease in fund balance of the Capital Projects Fund.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) 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 franchise tax distributions exceeded budget projections by 7.8 percent. Expenditures were held in check as some positions were not filled as they became vacant and capital expenditures were closely examined during the fiscal year. Significant budget amendments during the year included land purchases, replacement of police vehicles and the construction of a fire station.



**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 \$33,685,200. The total change in net position for the Utility Fund was \$7,592,463. 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, 2013, totals \$301,587,786 (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	
	2013	2012	2013	2012	2013	2012
Land and improvements	\$ 15,918,735	\$ 14,949,450	\$ 3,872,759	\$ 3,872,759	\$ 19,791,494	\$ 18,822,209
Buildings	-	-	-	-	-	-
Equipment and vehicles	132,548,980	136,079,662	2,297,574	2,403,855	134,846,554	138,483,517
Water/Sewer treatment plant, equipment and lines	-	-	126,961,443	100,724,906	126,961,443	100,724,906
Construction in process	14,364,384	12,373,282	4,995,704	29,303,082	19,360,088	41,676,364
Property held for sale	628,207	530,293	-	-	628,207	530,293
<b>Total</b>	<b>\$ 163,460,306</b>	<b>\$ 163,932,687</b>	<b>\$ 138,127,480</b>	<b>\$ 136,304,602</b>	<b>\$ 301,587,786</b>	<b>\$ 300,237,289</b>

**Long-term Debt.** As of June 30, 2013, the Town of Mooresville had total debt outstanding of \$209,760,203. Of this, \$140,685,203 is debt backed by the full faith and credit of the Town. The remainder of the Town’s debt represents bonds secured solely by specified revenue sources (e.g. revenue bonds).

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Installment loans	\$ 20,981,271	\$ 23,165,436	\$ 11,153,932	\$ 11,716,471	\$ 32,135,203	\$ 34,881,907
Certificates of participation	83,025,000	85,715,000	-	-	83,025,000	85,715,000
General obligation bonds	25,525,000	27,175,000	-	-	25,525,000	27,175,000
Revenue bonds	-	-	69,075,000	72,365,000	69,075,000	72,365,000
<b>Total</b>	<b>\$ 129,531,271</b>	<b>\$ 136,055,436</b>	<b>\$ 80,228,932</b>	<b>\$ 84,081,471</b>	<b>\$ 209,760,203</b>	<b>\$ 220,136,907</b>

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 \$7,093,387 in fiscal year 2013. This compares to \$6,817,622 in fiscal year 2012.
- Property valuation increased by approximately 1.3% due to normal growth.
- Iredell County's revaluation was January 1, 2011.

Budget Highlights for the Fiscal Year Ending June 30, 2014:

**Governmental Activities.** Reflected in the General Fund budget is an assessed tax valuation of \$5,397,797,500. Tax value has increase by approximately 5.8 percent from the fiscal year 2012-2013 Approved Budget. The assessed value generates approximately \$511,000 per penny at a 96.15 percent collection rate. With a tax rate of \$.058, the valuation results in \$30,400,000 of revenue to fund General Fund operations – an increase of \$1,411,411 from fiscal year 2012 -2013 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 \$4,766,599 is the equivalent of 9.33 cents of property taxes.

**Business-type Activities.** Water and sewer rates were reduced by 5 percent for fiscal year 2014. Based on the current collections and slight increase in utility customers, a rate reduction will continue to bring the level of revenue needed to support the Utility Fund. The rate reduction also calls for the recommended Utility Fund to decrease by 1.58 percent compared to the fiscal year 2012-2013 approved Utility Fund budget.

## **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.



## Basic Financial Statements



**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2013**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Alcoholic Beverage Control Board</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 20,318,344	\$ 28,949,306	\$ 49,267,650	\$ 1,299,780
Receivables (net)	5,533,798	3,596,822	9,130,620	-
Due from component unit	115,424	-	115,424	-
Internal balances	(230,413)	230,413	-	-
Inventories	60,838	310,087	370,925	671,909
Prepaid expense	-	-	-	6,472
Restricted assets:				
Cash and cash equivalents	9,280,840	3,060,455	12,341,295	-
Noncurrent assets:				
Receivables	574,119	-	574,119	-
Capital assets:				
Land and other non-depreciable improvements	30,911,326	8,868,463	39,779,789	661,345
Depreciable assets, net of depreciation	132,548,980	129,259,017	261,807,997	1,401,719
Total assets	<u>199,113,256</u>	<u>174,274,563</u>	<u>373,387,819</u>	<u>4,041,225</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	2,379,623	466,064	2,845,687	488,884
Deposits payable	-	144,491	144,491	-
Accrued interest payable	1,924,341	584,526	2,508,867	-
Due to primary government	-	-	-	115,424
Current portion of long-term liabilities	8,006,284	4,478,186	12,484,470	-
Noncurrent liabilities:				
Due in more than one year	133,598,690	80,731,783	214,330,473	-
Total liabilities	<u>145,908,938</u>	<u>86,405,050</u>	<u>232,313,988</u>	<u>604,308</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Privilege licenses	55,819	-	55,819	-
Prepaid goods and services	16,064	-	16,064	-
Security deposits	164,816	316,238	481,054	-
Total deferred inflows of resources	<u>236,699</u>	<u>316,238</u>	<u>552,937</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	39,411,617	53,868,075	93,279,692	2,063,064
Restricted for:				
Stabilization by State Statute	3,471,800	-	3,471,800	-
Capital improvements	-	-	-	130,849
Working capital	-	-	-	232,217
Streets	1,684,904	-	1,684,904	-
Economic Development	504,816	-	504,816	-
Public safety	94,400	-	94,400	-
Unrestricted	7,800,082	33,685,200	41,485,282	1,010,787
Total net position	<u>\$ 52,967,619</u>	<u>\$ 87,553,275</u>	<u>\$ 140,520,894</u>	<u>\$ 3,436,917</u>

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, 2013**

Functions / Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental Activities:				
General government	\$ 9,146,057	\$ 363,003	\$ 200,000	\$ -
Transportation	3,907,548	58	1,130,382	-
Public safety	15,569,175	71,718	1,621,206	-
Economic and physical development	13,124,648	-	112,038	-
Environmental protection	1,849,663	525,698	-	-
Cultural and recreation	6,514,640	1,820,802	357,367	-
Debt Service:				
Interest on long-term debt	6,764,395	-	-	-
Total governmental activities	56,876,126	2,781,279	3,420,993	-
Business-type activities:				
Utility	14,025,428	21,597,300	-	-
Total business-type activities	14,025,428	21,597,300	-	-
Total primary government	\$ 70,901,554	\$ 24,378,579	\$ 3,420,993	\$ -
Component unit:				
ABC Board	\$ 7,687,319	\$ 7,924,091	\$ -	\$ -
Total component unit	\$ 7,687,319	\$ 7,924,091	\$ -	\$ -

General revenues:

- Taxes:
  - Property taxes, levied for general purpose
  - Other taxes
- Grants and contributions not restricted to specific purposes
- Unrestricted investment earnings
- Reimbursement from joint venture
- Miscellaneous

Total general revenues

Change in net position

- Net position-beginning, as restated
- Net position-ending

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Unit		
Governmental Activities	Business-type Activities	Total	Alcoholic Beverage Control Board		
\$ (8,583,054)	\$ -	\$ (8,583,054)	\$ -		
(2,777,108)	-	(2,777,108)	-		
(13,876,251)	-	(13,876,251)	-		
(13,012,610)	-	(13,012,610)	-		
(1,323,965)	-	(1,323,965)	-		
(4,336,471)	-	(4,336,471)	-		
(6,764,395)	-	(6,764,395)	-		
(50,673,854)	-	(50,673,854)	-		
-	7,571,872	7,571,872	-		
-	7,571,872	7,571,872	-		
\$ (50,673,854)	\$ 7,571,872	\$ (43,101,982)	\$ -		
\$ -	\$ -	\$ -	\$ 236,772		
\$ -	\$ -	\$ -	\$ 236,772		
30,880,441	-	30,880,441	-		
222,861	-	222,861	-		
9,769,561	-	9,769,561	-		
22,988	20,591	43,579	-		
7,279,734	-	7,279,734	-		
1,037,823	-	1,037,823	-		
49,213,408	20,591	49,233,999	-		
(1,460,446)	7,592,463	6,132,017	236,772		
54,428,065	79,960,812	134,388,877	3,200,145		
\$ 52,967,619	\$ 87,553,275	\$ 140,520,894	\$ 3,436,917		





**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2013**

	Major		Non-Major		Total
	General	Capital Projects Fund	Other Governmental Funds	Governmental Funds	
<b>ASSETS</b>					
Current:					
Cash and cash equivalents	\$ 19,788,062	\$ 530,282	\$ -	\$ -	\$ 20,318,344
Taxes receivables, net	2,117,517	-	-	-	2,117,517
Accounts receivable, net	350,280	-	116,063	-	466,343
Due from other governments	2,633,513	-	-	-	2,633,513
Due from component unit	115,424	-	-	-	115,424
Inventories	60,838	-	-	-	60,838
Total current assets	<u>25,065,634</u>	<u>530,282</u>	<u>116,063</u>	<u>-</u>	<u>25,711,979</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	2,162,531	6,729,056	389,253	-	9,280,840
Total assets	<u>27,228,165</u>	<u>7,259,338</u>	<u>505,316</u>	<u>-</u>	<u>34,992,819</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	2,000,618	379,008	-	-	2,379,626
Due to other funds	230,413	-	-	-	230,413
Total liabilities	<u>2,231,031</u>	<u>379,008</u>	<u>-</u>	<u>-</u>	<u>2,610,039</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes receivable	2,117,517	-	-	-	2,117,517
Security deposits	164,316	-	500	-	164,816
Privilege licenses	55,819	-	-	-	55,819
Prepaid goods and services	16,064	-	-	-	16,064
Total deferred inflows of resources	<u>2,353,716</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>2,354,216</u>
<b>FUND BALANCES</b>					
Non-spendable					
Inventories	60,838	-	-	-	60,838
Restricted					
Stabilization by State Statute	3,471,800	-	-	-	3,471,800
Streets	1,684,904	-	-	-	1,684,904
Public Safety	94,400	-	-	-	94,400
Economic Development	-	-	504,816	-	504,816
Committed					
Recreation, operations center and streets	-	6,880,330	-	-	6,880,330
Workers compensation and other insurance	500,000	-	-	-	500,000
Assigned					
Appropriated fund balance	5,139,182	-	-	-	5,139,182
Unassigned	11,692,294	-	-	-	11,692,294
Total fund balances	<u>22,643,418</u>	<u>6,880,330</u>	<u>504,816</u>	<u>-</u>	<u>30,028,564</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 27,228,165</u>	<u>\$ 7,259,338</u>	<u>\$ 505,316</u>	<u>\$ -</u>	<u>\$ 34,992,819</u>

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

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2013**

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

Fund balances	\$	30,028,564
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	\$	227,984,225
Accumulated depreciation		<u>(65,152,126)</u>
		162,832,099
Capital assets held for re-sale used in governmental activities are not financial resources and therefore are not reported in the funds.		628,207
Interest rebate		31,327
Interest receivable		285,098
Receivable from other government		574,119
Interest payable		(1,924,341)
Annual leave accrual		(1,531,669)
Other post employment benefits		(8,803,097)
LEO Separation Allowance net pension obligations		(871,469)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
General fund		2,117,517
Non-major fund		849,601
Loan receivable for deferred inflows of resources (net)		(849,601)
Bond issuance premiums (net)		(867,468)
Some liabilities, including installment purchase contracts, are not due and payable in the current period and therefore are not reported in the funds.		<u>(129,531,268)</u>
Net position of governmental activities	\$	<u><u>52,967,619</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, 2013**

	<b>Major</b>		<b>Non-Major</b>		<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Governmental Funds</b>	
<b>REVENUES</b>					
Ad Valorem taxes	\$ 30,343,223	\$ -	\$ -	\$ -	\$ 30,343,223
Other taxes and licenses	222,861	-	-	-	222,861
Unrestricted intergovernmental	9,769,561	-	-	-	9,769,561
Restricted intergovernmental	3,308,955	-	112,038	-	3,420,993
Sales and services	2,781,279	-	-	-	2,781,279
Investment earnings	18,573	4,415	-	-	22,988
Reimbursement from joint venture	-	7,279,734	-	-	7,279,734
Miscellaneous	1,067,296	-	-	-	1,067,296
Total revenues	<u>47,511,748</u>	<u>7,284,149</u>	<u>112,038</u>	<u>-</u>	<u>54,907,935</u>
<b>EXPENDITURES</b>					
Current:					
General government	8,581,993	-	-	-	8,581,993
Public safety	13,391,956	-	-	-	13,391,956
Transportation	2,792,506	-	-	-	2,792,506
Economic development	9,775,360	-	20,235	-	9,795,595
Environmental protection	1,516,612	-	-	-	1,516,612
Cultural and recreation	5,016,175	-	-	-	5,016,175
Capital outlay	4,415,724	2,553,536	-	-	6,969,260
Debt service:					
Principal	752,267	5,771,900	-	-	6,524,167
Interest	150,264	6,351,829	-	-	6,502,093
Total expenditures	<u>46,392,857</u>	<u>14,677,265</u>	<u>20,235</u>	<u>-</u>	<u>61,090,357</u>
Revenues over (under) expenditures	<u>1,118,891</u>	<u>(7,393,116)</u>	<u>91,803</u>	<u>-</u>	<u>(6,182,422)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	6,158,871	18,779	-	6,177,650
Transfers to other funds	(6,177,650)	-	-	-	(6,177,650)
Total other financing sources (uses)	<u>(6,177,650)</u>	<u>6,158,871</u>	<u>18,779</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,058,759)	(1,234,245)	110,582	-	(6,182,422)
Fund balances:					
Beginning of year	27,702,177	8,114,575	394,234	-	36,210,986
End of year	<u>\$ 22,643,418</u>	<u>\$ 6,880,330</u>	<u>\$ 504,816</u>	<u>\$ -</u>	<u>\$ 30,028,564</u>

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

**TOWN OF MOORESVILLE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

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

Net changes in fund balances - total governmental funds	\$	(6,182,422)
<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	\$	6,969,260
Depreciation expense for governmental assets		(7,532,822)
Capital assets disposed of during the year, not recognized on modified accrual basis, net of cost/depreciation		<u>(6,732)</u>
		(570,294)
<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 special revenue fund		97,914
Change in unavailable revenue for tax revenues		379,401
Change in interest income		39,300
Change in accounts receivable		574,119
<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>		
		6,293,188
<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		(216,120)
Other post employment benefits		(1,804,054)
LEO Separation Allowance annual contribution		<u>(71,478)</u>
Total changes in net position of governmental activities	\$	<u><u>(1,460,446)</u></u>

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

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive / (Negative)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 28,988,586	\$ 28,988,586	\$ 30,343,223	\$ 1,354,637
Other taxes and licenses	132,000	132,000	222,861	90,861
Unrestricted intergovernmental	8,095,000	8,095,000	9,769,561	1,674,561
Restricted intergovernmental	3,507,800	4,054,607	3,308,955	(745,652)
Sales and services	2,105,284	2,330,496	2,781,279	450,783
Investment earnings	12,000	12,000	18,573	6,573
Miscellaneous	322,500	493,888	1,067,296	573,408
Total revenues	<u>43,163,170</u>	<u>44,106,577</u>	<u>47,511,748</u>	<u>3,405,171</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,240,763	19,502,441	18,958,123	544,318
Public safety	14,160,578	15,396,789	14,697,506	699,283
Transportation	4,225,476	4,440,843	3,753,081	687,762
Environmental protection	1,979,176	1,962,776	1,908,411	54,365
Cultural and recreation	5,740,098	6,694,738	6,173,205	521,533
Debt service:				
Principal retirement	-	757,883	752,267	5,616
Interest	-	150,344	150,264	80
Total expenditures	<u>37,346,091</u>	<u>48,905,814</u>	<u>46,392,857</u>	<u>2,512,957</u>
Revenues over (under) expenditures	<u>5,817,079</u>	<u>(4,799,237)</u>	<u>1,118,891</u>	<u>5,918,128</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(10,219,639)	(6,781,586)	(6,177,650)	603,936
Total other financing sources (uses)	<u>(10,219,639)</u>	<u>(6,781,586)</u>	<u>(6,177,650)</u>	<u>603,936</u>
Fund balance appropriated	<u>4,402,560</u>	<u>11,580,823</u>	<u>-</u>	<u>(11,580,823)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(5,058,759)</u>	<u>\$ (5,058,759)</u>
Fund balances				
Beginning of year			<u>27,702,177</u>	
End of year			<u>\$ 22,643,418</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, 2013**

	<b>Enterprise Fund</b>
	<b>Major</b>
	<b>Utility Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 28,949,306
Accounts receivable, net	3,333,612
Other receivables	263,210
Due from other funds	230,413
Inventory	310,087
Restricted assets:	
Cash and cash equivalents	3,060,455
Total current assets	36,147,083
Noncurrent assets:	
Capital assets:	
Land, improvements and construction in progress	8,868,463
Other capital assets, net of depreciation	129,259,017
Total noncurrent assets	138,127,480
Total assets	174,274,563
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	466,064
Customer deposits	144,491
Interest payable	584,526
Compensated absences	222,504
Deferred bond premium	227,543
Loans and revenue bonds payable	4,028,139
Total current liabilities	5,673,267
Noncurrent liabilities:	
Loans and revenue bonds payable	76,200,793
OPEB payable	1,530,265
Deferred bond premium	3,000,725
Total noncurrent liabilities	80,731,783
Total liabilities	86,405,050
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Security deposits	316,238
Total deferred inflows of resources	316,238
<b>NET POSITION</b>	
Net investment in capital assets	53,868,075
Unrestricted	33,685,200
Total net position	\$ 87,553,275

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, 2013**

	<b>Enterprise Fund</b>
	<b>Major</b>
	<b>Utility Fund</b>
<b>OPERATING REVENUES</b>	
Charges for sales and services	\$ 19,007,941
Other operating revenues	798,359
Total operating revenues	19,806,300
<b>OPERATING EXPENSES</b>	
Water and sewer administration	5,629,810
Water treatment	1,731,721
Wastewater treatment	2,575,379
Depreciation	4,004,968
Total operating expenses	13,941,878
Operating income	5,864,422
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	20,591
Interest expense	(311,093)
Availability/system development fees	1,791,000
Amortization of bond premium	227,543
Total nonoperating revenue (expenses)	1,728,041
Change in net position	7,592,463
Total net position - beginning, as restated	79,960,812
Total net position - ending	\$ 87,553,275

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, 2013**

	<b>Enterprise Fund</b>
	<b>Major</b>
	<b>Utility Fund</b>
Cash flows from operating activities:	
Cash received from customers	\$ 19,085,359
Cash paid for goods and services	(5,416,767)
Cash paid to or on behalf of employees for services	(4,262,215)
Customer deposits received, net of returns	9,308
Net cash provided by operating activities	9,415,685
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,631,102)
Capitalized interest	(3,218,489)
Principal paid on long term debt	(3,852,538)
Interest paid on long term debt	(311,093)
Availability/system development fees	1,791,000
Net cash used for capital and related financing activities	(8,222,222)
Cash flows from investing activities:	
Interest on investments	20,591
Net increase in cash and cash equivalents	1,214,054
Cash and cash equivalents, July 1	30,795,707
Cash and cash equivalents, June 30	\$ 32,009,761
Reconciliation of operating income to net cash used for operating activities:	
Operating income	\$ 5,864,422
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	4,004,968
Changes in assets and liabilities:	
Decrease in accounts receivable	318,795
Increase in other receivables	(90,428)
Increase in inventory	(30,268)
Decrease in accounts payable and accrued expenses	(835,053)
Increase in customer deposits and advances	9,308
Increase in deferred fees	149,869
Increase in compensated absences	24,072
Total adjustments	(453,705)
Net cash provided by operating activities	\$ 9,415,685

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



**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2013**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 162,694
Accounts receivable	149,172
Total assets	311,866
 <b>LIABILITIES</b>	
Accounts payable	311,866
Total liabilities	311,866
 <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, 2013**

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

The accounting policies of the Town of Mooresville (Town) and its discretely presented component unit 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 unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Discretely Presented Component Unit

*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 Mooresville ABC Board may be obtained from the Mooresville Alcoholic Beverage Control Board, PO Box 1065, Mooresville, NC 28115.

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 unit. These statements include the financial activities of the overall government with the exception of the fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and 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 fund. 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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Basis of Presentation (cont'd)

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.

**Capital Projects Fund.** This fund is used to account for new parks, park improvements, recreation facilities, a new fire training facility, a new fire station, street improvements, and telecommunication acquisition and 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 the wastewater plant expansion, line extensions, pump stations and related equipment.

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: the Mooresville Downtown Commission, Travel and Tourism and the Mooresville Alcoholic Beverage Control (a component unit of the Town of Mooresville).

**Travel and Tourism** – 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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

C. Measurement Focus and Basis of Accounting

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

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, 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 result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Iredell

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

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

County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Mooresville. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Iredell County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received as cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise 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 Capital Project Funds are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object 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 and of the Mooresville ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

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

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board 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 as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds of the Utility Fund serial bonds issued by the Town are classified as restricted assets for the Enterprise Fund 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 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.

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, 2011.

5. Allowances for Doubtful Accounts

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2013*

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

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

6. Inventory and Prepaid Items

The inventories of the Town and the ABC Board are valued at average cost. The Town's General Fund inventory consists of 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.

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 are recorded at their estimated fair value at the date of donation. 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:

Asset Class	Estimated Useful Life
Infrastructure	15-50 years
Buildings/Structures	50 years
Improvements	4-15 years
Vehicles	3-6 years
Furniture, Equipment and Software	3-20 years
Cable System	25 years



**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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

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 does not have any items that meet this criterion as of June 30, 2013. 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 three items that meet the criterion for this category – privilege licenses, prepaid goods and services and security deposits.

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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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

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.

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

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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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*)

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.

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

- Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].
- Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.
- Restricted for 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 Economic Development – portion of fund balance restricted for economic development [G.S. Chapter 159, Article 3, Part 2].

Committed Fund Balance – portion of fund balance that can only be used for specific purposes, requiring the passage of a majority vote. The passage of a resolution of a majority vote must take place prior to June 30<sup>th</sup>. Any changes or removal of a specific purpose requires majority action by the governing body.

Assigned Fund Balance – 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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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)*

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.

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.

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

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board 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 or the ABC Board'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 and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board 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. The ABC Board has no formal policy regarding custodial credit risk for deposits.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

A. Assets (cont'd)

1. Deposits (cont'd)

At June 30, 2013, the Town's deposits had a carrying amount of \$8,215,072 and a bank balance of \$9,488,047. Of the bank balance, 100% was covered under the Pooling Method. The Town also carries a balance of \$2,050 in petty cash. The carrying amount of deposits at two financial institutions for the ABC Board was \$1,290,830 and the bank balance was \$1,192,362. Of the bank balance, \$500,000 was covered by Federal Depository Insurance and \$692,362 in interest bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2013, the ABC Board had \$8,950 cash on hand.

2. Investments

At June 30, 2013, the Town's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
NC Capital Management Trust-Cash Portfolio	\$ 53,550,839	N/A	AAAm
NC Capital Management Trust-Term Portfolio	3,678	0.3 Years	Unrated
Total	\$ 53,554,517		

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, 2013.

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.

State law [G.S. 159-30(c)] authorizes the ABC Board 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 banker's acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund. Investments are stated at cost or amortized cost. The Board also considers all certificates of deposit with an original maturity of more than three months to be investments. At June 30, 2013, the ABC Board had investments of \$0, which was covered by collateral held under the Pooling Method.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

A. Assets (cont'd)

3. Receivables – Allowance for Doubtful Accounts

Receivables at the government-wide level at June 30, 2013 were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental activities:				
General	\$ 851,518	\$ 2,436,117	\$ 3,207,632	\$ 6,495,267
Other governmental	115,424	-	-	115,424
Total receivables	966,942	2,436,117	3,207,632	6,610,691
Allowance for doubtful accounts	-	(387,350)	-	(387,350)
Total governmental activities	\$ 966,942	\$ 2,048,767	\$ 3,207,632	\$ 6,223,341
Business-type activities:				
Water and sewer	\$ 4,546,822	\$ -	\$ -	\$ 4,546,822
Allowance for doubtful accounts	(950,000)	-	-	(950,000)
Total business-type activities	\$ 3,596,822	\$ -	\$ -	\$ 3,596,822

Amounts due from governmental agencies consist of the following:

	Other Government	State	Total
Governmental activities:			
Sales and use tax distribution	-	\$ 537,896	\$ 537,896
Utilities, franchise and telecommunication tax	-	570,000	570,000
Sales tax refund	-	1,254,999	1,254,999
Joint venture contribution	574,119	-	574,119
Property taxes	230,593	-	230,593
Grant reimbursements	24,435	15,590	40,025
Total governmental activities	\$ 829,147	\$ 2,378,485	\$ 3,207,632

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Government activities:				
Capital assets not being depreciated:				
Land	\$ 14,949,450	\$ 969,285	\$ -	\$ 15,918,735
Construction in progress	12,373,282	3,951,729	1,960,627	14,364,384
Property held for resale	530,293	228,477	130,563	628,207
<b>Total</b>	<b>27,853,025</b>	<b>5,149,491</b>	<b>2,091,190</b>	<b>30,911,326</b>
Capital assets being depreciated:				
Buildings	41,398,417	152,985	-	41,551,402
Improvements	44,467,412	1,730,444	-	46,197,856
Equipment	8,533,247	633,735	104,852	9,062,130
Vehicles	12,399,248	1,491,710	86,579	13,804,379
Software	961,969	-	20,701	941,268
Cable system	86,144,071	-	-	86,144,071
<b>Total</b>	<b>193,904,364</b>	<b>4,008,874</b>	<b>212,132</b>	<b>197,701,106</b>
Less accumulated depreciation for:				
Buildings	6,566,260	823,914	-	7,390,174
Improvements	24,915,285	1,469,397	-	26,384,682
Equipment	5,560,387	781,830	100,707	6,241,510
Vehicles	9,543,170	990,585	86,580	10,447,175
Software	927,699	20,549	18,112	930,136
Cable system	10,311,901	3,446,548	-	13,758,449
<b>Total accumulated depreciation</b>	<b>57,824,702</b>	<b>\$ 7,532,823</b>	<b>\$ 205,399</b>	<b>65,152,126</b>
<b>Total capital assets being depreciated, net</b>	<b>136,079,662</b>			<b>132,548,980</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 163,932,687</b>			<b>\$ 163,460,306</b>

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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:

Function / Program	Depreciation Expense
General government	\$ 645,622
Transportation	965,575
Public safety	1,027,165
Economic and physical development	3,426,968
Environmental protection	218,568
Cultural and recreational	1,248,925
Total depreciation expense	<u>\$ 7,532,823</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business type activities:				
Utility Fund:				
Capital assets not being depreciated:				
Land	\$ 3,872,759	\$ -	\$ -	\$ 3,872,759
Construction in progress	29,303,082	4,974,579	29,281,957	4,995,704
Total capital assets not being depreciated	<u>33,175,841</u>	<u>4,974,579</u>	<u>29,281,957</u>	<u>8,868,463</u>
Capital assets being depreciated:				
Water/Sewer Treatment Plants, equipment & lines	152,855,091	29,655,725	-	182,510,816
Equipment	6,437,211	479,499	14,631	6,902,079
Total capital assets being depreciated	<u>159,292,302</u>	<u>30,135,224</u>	<u>14,631</u>	<u>189,412,895</u>
Less accumulated depreciation for:				
Water/Sewer Treatment Plants, equipment & lines	52,130,185	3,419,188	-	55,549,373
Equipment	4,033,356	585,780	14,631	4,604,505
Total accumulated depreciation	<u>56,163,541</u>	<u>\$ 4,004,968</u>	<u>\$ 14,631</u>	<u>60,153,878</u>
Total capital assets being depreciated, net	<u>103,128,761</u>			<u>129,259,017</u>
Business-type activity capital assets, net	<u>\$ 136,304,602</u>			<u>\$ 138,127,480</u>



**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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, 2013. At year-end, the government's commitments with contractors are as follows:

Project	Contract Amount	Amount Paid/Incurred June 30, 2013
Reeds Creek Pump Station	\$ 2,165,558	\$ 1,001,626
Fire Station No. 5	1,886,542	1,434,931
Wastewater Treatment Plant Lab Expansion	43,350	22,267
CMCC Carpet Replacement	29,542	-
Academy Street Park	15,000	9,447
Total	\$ 4,139,992	\$ 2,468,271

*(continued on next page)*

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

A. Assets (cont'd)

4. Capital Assets (cont'd)

Discretely presented component unit:

Activity for the ABC Board for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 661,345	\$ -	\$ -	\$ 661,345
Capital assets being depreciated:				
Buildings	1,940,429	12,058	-	1,952,487
Land improvements	2,000	-	-	2,000
Furniture, fixtures & equipment	473,689	23,485	6,695	490,479
Paving	10,600	-	-	10,600
Total capital assets being depreciated	<u>2,426,718</u>	<u>35,543</u>	<u>6,695</u>	<u>2,455,566</u>
Less accumulated depreciation for:				
Buildings	558,242	50,027	-	608,269
Land improvements	356	133	-	489
Furniture, fixtures & equipment	408,963	32,221	6,695	434,489
Paving	10,600	-	-	10,600
Total accumulated depreciation	<u>978,161</u>	<u>\$ 82,381</u>	<u>\$ 6,695</u>	<u>1,053,847</u>
Total capital assets being depreciated, net	<u>1,448,557</u>			<u>1,401,719</u>
ABC capital assets, net	<u>\$ 2,109,902</u>			<u>\$ 2,063,064</u>

Depreciation expense for the fiscal years ended June 30, 2013 and 2012 amounted to \$82,381 and \$82,547 respectively.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2013 were as follows:

	Vendors	Salaries & Benefits	Total
All government activities	\$ 1,998,016	\$ 381,607	\$ 2,379,623
Business-type activities:			
Water and sewer	\$ 408,378	\$ 57,686	\$ 466,064

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Mooresville and the ABC Board contribute to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The Town and the ABC Board are required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.94% and 0%, respectively, of annual covered payroll. The contribution requirements of members and of the Town of Mooresville and the ABC Board are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$1,206,332, \$1,222,308 and \$1,089,202, respectively.

The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$13,735, \$15,652 and \$15,526, respectively. The contributions made by the Town and the ABC Board equaled the required contributions for each year.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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

*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 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, 2012 the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>71</u>
 Total	 <u><u>74</u></u>

A separate report was not issued for the plan.

*Summary of Significant Accounting Policies. Basis of Accounting.* The Town has restricted \$291,757 to partially fund the Separation Allowance pension obligation. To date pension expenditures have been paid on a pay as you go basis from the General Fund, which is maintained on the modified accrual basis of accounting.

*Contributions.* The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has restricted \$291,757 to partially fund the pension obligation. To date the Town has chosen to pay the benefit payments 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.

The annual required contribution for the fiscal year ended June 30, 2013 and June 30, 2012 were determined as part of the December 31, 2012, 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%. The inflation component was 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2013*

**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)

*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	\$ 123,736
Interest on net pension obligation	40,000
Adjustment to annual required contribution	(49,784)
Annual pension cost (Based upon December 31, 2012 actuarial)	<u>113,952</u>
Employer contributions made for fiscal year ending 06/30/2013	<u>42,474</u>
Increase (decrease) in net pension obligation	71,478
Net pension obligation beginning of year	<u>799,991</u>
Net pension obligation end of year	<u><u>\$ 871,469</u></u>

3 Year Trend Information

For Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 59,838	4.61%	\$ 721,737
2012	96,261	18.71%	799,991
2013	113,952	37.27%	871,469

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 1,283,685
Actuarial value of plan assets	291,641
Unfunded actuarial accrued liability (UAAL)	<u>\$ 992,044</u>
Funded ratio (actuarial value of plan assets/AAL)	22.72%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 3,466,268
UAAL as a percentage of covered payroll	28.62%

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, 2013**

**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)

*Actuarial Methods and Assumptions.* The ARC for the plan was determined as part of the December 31, 2012 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 years
Inflation rate	3.00%
Asset valuation method	Market value
Investment return	5.00%
Projected salary increases	4.25 - 7.85%
Cost of living adjustments	N/A

c. Supplemental Retirement Income Plan

*Plan Description.* The Town contributes 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 all employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*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 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. Contributions for the year ended June 30, 2013 were \$717,701 for non-law enforcement and \$176,773 for law enforcement employees.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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

*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 that 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. 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.

*Funding Policy.* The Town contributes \$40 per quarter for each plan member to the Fund. The State, a non-employer contributor, funds the Plan through appropriations. Contribution requirements of Plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly. For the fiscal year ended June 30, 2013, the Town has recognized on-behalf payments for pension contributions made by the State as revenue and an expenditure of \$853 for 82 fire department employees who perform firefighting duties for the Town's fire department.

e. Other Post Employment Benefits

Health Care Benefits

According to a Town resolution, the Town provides post employment health care 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. Employees hired after February 4, 2013 are not eligible for post employment health care benefits from the Town. The Town obtains health care coverage through private insurers. The Town Board may amend the benefit provisions. A separate report was not issued for the plan.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2013*

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

B. Liabilities (cont'd)

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

e. Other Post Employment Benefits (cont'd)

Health Care Benefits (cont'd)

Membership of the Town's medical plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

Law Enforcement Officers

Number	71
Annual Compensation	\$ 3,466,268

Firefighters

Number	85
Annual Compensation	\$ 3,886,671

General Employees

Number	247
Annual Compensation	\$ 10,361,886

Retired Members

Number	51
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*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.* Under the terms of a Town resolution, the Town administers a single employer defined benefit Health Care Benefits Plan. The Town is required to perform an OPEB actuary every two years. The information presented below is from the December 31, 2012 actuary.

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 health care benefits:



**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2013*

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

B. Liabilities (cont'd)

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

e. Other Post Employment Benefits (cont'd)

Health Care Benefits (cont'd)

Annual required contribution	\$ 2,513,218
Interest on net OPEB obligation	329,212
Adjustment to annual required contribution	(314,499)
Annual OPEB cost (expense)	<u>2,527,931</u>
Contributions made	<u>(424,862)</u>
Increase (decrease) in net OPEB obligation	2,103,069
Net OPEB obligation, beginning of year	<u>8,230,294</u>
Net OPEB obligation, end of year	<u><u>\$ 10,333,363</u></u>

The Town's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

3 Year Trend Information			
For Year Ended June 30,	Annual Pension OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 2,147,220	12.30%	\$ 6,007,792
2012	2,565,027	13.40%	8,230,294
2013	2,527,931	16.80%	10,333,363

*Funded Status and Funding Progress.* As of December 31, 2012, 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 \$28,461,079. The covered payroll (annual payroll of active employees covered by the plan) was \$17,714,825, and the ratio of the UAAL to the covered payroll was 160.7 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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Liabilities (cont'd)

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

f. Additional Other Employment 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, 2012 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 8.50 – 5.00 percent annually. The investment rate 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 a closed basis. The remaining amortization period at December 31, 2012, was 30 years.

The Town 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 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 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, the Town does not determine the number of eligible participants. For year ended June 30, 2013, the Town made contributions to the State for death benefits in the amount of \$0. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Liabilities (cont'd)

3. Deferred Outflows/Inflows of Resources

The Town does not have any deferred outflows of resources as of June 30, 2013.

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

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

	<u>Unearned Revenue</u>
Cash Bonds (General Fund)	\$ 124,330
Security Deposits (General Fund)	37,384
Gift Certificates Payable (General Fund)	16,064
Envisionware Deposits (General Fund)	2,602
Prepaid Fees (General Fund)	56,319
Prepaid Fees (Enterprise Fund)	<u>316,238</u>
Total	<u><u>\$ 552,937</u></u>

4. Risk Management

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Town reviews insurance agents or brokers through a qualifications process every three years and then obtains underwriting from a carrier that is reviewed and awarded annually. The carrier provides general liability coverage of \$1 million per occurrence with a general aggregate of \$2 million. The Town also has coverage of \$1 million per occurrence for Employment Practices Liability, Law Enforcement Liability, Public Official Liability and Liquor Liability. Commercial Crime coverage, which contains employee theft and forgery, is at a \$250,000 limit. In addition, the Town maintains replacement cost coverage of property in the amount of \$123,520,917 which includes inland marine coverage at actual cash value. Vehicles are covered for liability at \$1 million per occurrence. Comprehensive and Collision coverage is based on agreed or actual cash value. Umbrella Coverage limits are \$4 million. 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). SFHA areas are Water and Wastewater Treatment facilities that are usually located in low areas because they are made to handle water and are not as vulnerable to flooding.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Liabilities (cont'd)

4. Risk Management (cont'd)

The Town currently self-insures its Workers Compensation program through a third party administrator with a self-insured retention of \$500,000. The Town also carries an excess Workers Compensation policy through a commercial carrier that covers Workers Compensation statutory limits and \$1 million in employer's liability.

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

5. Claims, Judgments and Contingent Liabilities

At June 30, 2013, 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.

6. Long-Term Obligations

a. Installment Purchases

Government Activities

In December 2000, the Town entered into an installment purchase agreement in the amount of \$3,001,000 to finance the construction of a new Police Headquarters. Principal is paid in equal annual installments of \$200,067 until 2015, plus interest at a rate of 3.50 percent.

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 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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Liabilities *(cont'd)*

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

a. Installment Purchases *(cont'd)*

Government Activities *(cont'd)*

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.

*(continued on next page)*

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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, 2013, the future minimum payments of the installment purchases are:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 4,767,351	\$ 5,159,616	\$ 85,000	\$ 32,963
2015	4,902,351	4,922,395	85,000	28,254
2016	5,062,351	4,671,020	85,000	23,545
2017	5,022,285	4,405,000	85,000	18,836
2018	5,207,285	4,134,183	85,000	14,127
2019-2023	28,455,848	16,450,179	170,000	14,127
2024-2028	24,178,800	9,522,540	-	-
2029-2033	26,410,000	3,375,350	-	-
Over 2033	-	-	-	-

Present value of  
the minimum  
principal  
payments

\$ 104,006,271

\$ 595,000

Total interest payment

\$ 52,640,283

\$ 131,852

b. General Obligation Indebtedness

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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)

The Town's general obligation bonds payable at June 30, 2013 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, due on April 1 in 20 installments of \$875,000 through April 1, 2028; interest at 4.0 – 5.0 percent.	\$ 13,125,000
\$15,500,000 Streets and Recreation General Obligation Bonds, Series 2009, due on April 1, in 20 installments of \$775,000 through April 1, 2029; interest at 2.50 – 4.25 percent.	12,400,000
	<u>\$ 25,525,000</u>

As of June 30, 2013, the future minimum payments of the general obligation bonds are:

Year Ending June 30,	Principal	Interest
2014	\$ 1,650,000	\$ 1,052,125
2015	1,650,000	990,000
2016	1,650,000	924,000
2017	1,650,000	849,250
2018	1,650,000	782,250
2019-2023	8,250,000	2,917,969
2024-2028	8,250,000	1,219,625
2029	775,000	32,937
Total	<u>\$ 25,525,000</u>	<u>\$ 8,768,156</u>

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 Nov 1.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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, 2013, future payments of the State revolving loan are:

Year Ending June 30,	Principal	Interest
2014	\$ 488,139	\$ 234,408
2015	498,976	223,572
2016	510,053	212,494
2017	521,376	201,171
2018	532,951	189,597
2019-2023	2,847,569	765,169
2024-2028	3,177,998	434,740
2029-2031	1,981,870	86,467
Total	<u>\$ 10,558,932</u>	<u>\$ 2,347,618</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%.

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.



**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

d. Revenue Bonds (cont'd)

As of June 30, 2013, the future minimum payments of the revenue bonds are:

Year Ending June 30,	Principal	Interest
2014	\$ 3,455,000	\$ 3,133,768
2015	3,550,000	3,027,168
2016	3,550,000	2,885,168
2017	3,395,000	2,743,167
2018	3,280,000	2,605,769
2019-2023	17,995,000	11,013,416
2024-2028	21,755,000	6,617,862
2029-2033	9,205,000	2,260,920
Over 2033	2,890,000	279,258
Total	<u>\$ 69,075,000</u>	<u>\$ 34,566,496</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, 2013 is as follows:

	2013
Operating revenues	\$ 19,806,300
Operating expenses	8,863,823
Operating income	10,942,477
Non-operating revenues	1,808,135
Income available for debt service	<u>\$ 12,750,612</u>
Debt service, principal interest paid (Revenue bonds only)	\$ 6,536,918
Debt service coverage ratio	195%

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

d. Revenue Bonds (cont'd)

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 \$103,641,496. Principal and interest paid for the current year and total customer net revenues were \$3,290,000 and \$3,246,918, respectively.

e. Changes in Long Term Liabilities

	Balance, as Restated July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 23,165,436	\$ -	\$ 2,184,165	\$ 20,981,271	\$ 1,972,351
Certificates of participation	85,715,000	-	2,690,000	83,025,000	2,795,000
General obligation bonds	27,175,000	-	1,650,000	25,525,000	1,650,000
Deferred amounts:					
Bond premium	924,733	-	57,265	867,468	57,264
Compensated absences	1,315,549	1,587,539	1,371,419	1,531,669	1,531,669
Other post employment benefits	6,999,043	2,168,510	364,456	8,803,097	-
Law enforcement officers special separation allowance	799,991	113,952	42,474	871,469	-
Governmental activity long-term liabilities	<u>\$ 146,094,752</u>	<u>\$ 3,870,001</u>	<u>\$ 8,359,779</u>	<u>\$ 141,604,974</u>	<u>\$ 8,006,284</u>
Business-type activities:					
Installment purchase	\$ 680,000	\$ -	\$ 85,000	\$ 595,000	\$ 85,000
Revenue Bonds	72,365,000	-	3,290,000	69,075,000	3,455,000
Deferred amounts:					
Bond premium	3,455,811	-	227,543	3,228,268	227,543
State Revolving Loan	11,036,471	-	477,539	10,558,932	488,139
Other post employment benefits	1,231,251	359,421	60,407	1,530,265	-
Compensated absences	198,432	246,786	222,714	222,504	222,504
Business-type activity long term liabilities	<u>\$ 88,966,965</u>	<u>\$ 606,207</u>	<u>\$ 4,363,203</u>	<u>\$ 85,209,969</u>	<u>\$ 4,478,186</u>

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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)

At June 30, 2013, the Town of Mooresville had a legal debt margin of \$280,098,548.

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.

f. Interfund Balances and Activity

Transfers from/to other funds at June 30, 2013, consist of the following:

	Transfers	
	From	To
Operating Transfers From/To Other Funds		
Utility Fund	\$ 1,200,000	\$ -
Utility Capital Improvements Fund	-	1,200,000
Capital Improvements Fund	-	6,158,871
Home/Trust/CDBG Fund	-	18,779
General Fund	6,177,650	-
Total	<u>\$ 7,377,650</u>	<u>\$ 7,377,650</u>

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

*(continued on next page)*

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2013*

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

g. Fund Balance

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

Total fund balance - General Fund	\$ 22,643,418
Less:	
Inventories	60,838
Stabilization by State Statue	3,471,800
Streets-Powell Bill	1,684,904
Public Safety	94,400
Worker's compensation and other insurance	500,000
Subsequent year's expenditures	5,139,182
Working Capital/Fund Balance Policy	9,931,163
Remaining Fund Balance	\$ 1,761,131

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
\$	372,583	\$ -

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**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 a portion 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, 2013, the Town reported revenues and expenditures for the payments of \$29,400 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, 2013. 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.

The Mooresville Travel & Tourism Authority Board of Directors is appointed by the Town Mooresville Board of Commissioners. The Board of Commissioners designates the Authority's management. 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. Although the Town appoints the Authority's Board of Directors, no other criteria established by the Government Accounting Standards Board Statement No. 61 for the inclusion of the Authority in the financial reports of Mooresville are met. Therefore, a separate financial report is prepared for the Authority. All of the operations of the Authority are included in the audited financial statements and there are no operations or activities, which are excluded.

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

Federal and State Assisted Programs

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2013*

**NOTE 6 - CHANGE IN ACCOUNTING PRINCIPLES**

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

**NOTE 7 - RESTATEMENT OF NET POSITION**

Bond issuance costs, which were previously deferred and amortized, must be included in current expenditures. Previously deferred bond issuance costs totaling \$825,769, for the governmental activities, and \$1,476,759, in the business-type activities, were recognized as an expenditure in the current year. Also, deferred revenues were overstated in 2012 by \$1,549,486 in the governmental activities. As a result, beginning net position decreased as follows:

Governmental Activities - June 30, 2012, as previously reported	\$ 56,803,320
Previously deferred bond issuance costs	(825,769)
Change in deferred revenues overstated in 2012	(1,549,486)
Governmental Activities - July 1, 2012, as restated	<u>\$ 54,428,065</u>
Business-type Activities - June 30, 2012, as previously reported	\$ 81,437,571
Previously deferred bond issuance costs	(1,476,759)
Business-type Activities - July 1, 2012, as restated	<u>\$ 79,960,812</u>

**NOTE 8 - COMMITMENTS**

The Town currently self-insures its workers compensation program through a third party administrator with a self-insured retention of \$500,000. The \$500,000 is shown in the financial statements as committed fund balance.

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

Management has evaluated subsequent events through the date the financial statements were issued and has determined that no significant events have occurred that would alter the Town's financial position.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2013**

**NOTE 10 - 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, 2010, 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 \$1,338,622 for the year ended June 30, 2013. The Agency has a deficit net position balance of \$12,346,627 as of June 30, 2013.

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, 2013 the amount contributed by The Town of Mooresville in excess of its financial interest and due from the Town of Davidson is \$574,119.

The MIC audit report has been issued and copies can be obtained from the Finance Director of the Town.







## Required Supplementary Information

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

- Law Enforcement Officers' Special Separation Allowance
  - Schedule of Funding Progress
  - Schedule of Employer Contributions
  - Notes to the Required Schedules
  
- Other Post Employment Benefits
  - Schedule of Funding Progress
  - Schedule of Employer Contributions
  - Notes to the Required Schedules



**TOWN OF MOORESVILLE, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
SCHEDULE OF FUNDING PROGRESS  
June 30, 2013**

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)
12/31/10	\$ 290,942	\$ 914,486	\$ 623,544	31.81%	\$ 3,077,061	20.26%
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%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 62,189	4.43%
2012	103,229	17.44%
2013	123,736	34.33%

**NOTES TO THE REQUIRED SCHEDULES**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	18 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25% - 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

**TOWN OF MOORESVILLE, NORTH CAROLINA  
OTHER POST EMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
June 30, 2013**

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)
12/31/10	\$ -	\$ 25,227,918	\$ 25,227,918	0%	\$ 16,840,272	149.8%
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%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2011	\$ 2,147,220	12.3%
2012	2,554,287	13.4%
2013	2,513,218	16.8%

**NOTES TO THE REQUIRED SCHEDULES**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, closed
Amortization Factor	17.9837
Remaining amortization period	30 Years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend rate	
Pre-medicare trend rate	8.50% - 5.00%
Post-medicare trend rate	6.25% - 5.00%
Year of ultimate trend rate	2018
Includes inflation at	3.00%



## Combining and Individual Fund Schedules





## 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, 2013**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Ad Valorem taxes:			
Current year, net of refunds	\$ 28,903,586	\$ 30,085,383	\$ 1,181,797
Current year, net of refunds (special district)	-	63,899	63,899
Interest	85,000	193,941	108,941
Total	<u>28,988,586</u>	<u>30,343,223</u>	<u>1,354,637</u>
Other taxes and licenses:			
Privilege license	50,000	82,487	32,487
Gross receipts	50,000	102,812	52,812
Solid waste disposal	20,000	20,913	913
Cable TV franchise	12,000	16,649	4,649
Total	<u>132,000</u>	<u>222,861</u>	<u>90,861</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes	15,000	21,295	6,295
Franchise tax	1,765,000	2,248,853	483,853
Local option sales tax	6,050,000	7,093,387	1,043,387
Beer and wine tax	40,000	134,799	94,799
District court fee	25,000	26,227	1,227
ABC profit distribution	200,000	245,000	45,000
Total	<u>8,095,000</u>	<u>9,769,561</u>	<u>1,674,561</u>
Restricted intergovernmental:			
Powell Bill fund	1,547,812	910,216	(637,596)
Police grants	216,800	284,299	67,499
Library grants	1,293,500	1,299,568	6,068
Fire grants	316,495	179,367	(137,128)
Streets grants	243,000	156,197	(86,803)
Recreation grants	-	3,000	3,000
Administration grants	200,000	200,000	-
NCDOT reimbursement	55,000	63,969	8,969
ABC revenue for law enforcement	32,000	37,339	5,339
ABC revenue for recreation	150,000	175,000	25,000
Total	<u>4,054,607</u>	<u>3,308,955</u>	<u>(745,652)</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, 2013**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Sales and services:			
Police	-	817	817
Fire	67,250	70,901	3,651
Zoning fees and charges	139,122	251,178	112,056
Cemetery	62,450	111,825	49,375
Library	64,000	66,513	2,513
Sanitation	400,000	525,698	125,698
Street	-	58	58
Recreation	697,640	936,028	238,388
Golf operations	824,675	752,332	(72,343)
Golf concessions	75,359	65,929	(9,430)
Total	<u>2,330,496</u>	<u>2,781,279</u>	<u>450,783</u>
Investment earnings:	<u>12,000</u>	<u>18,573</u>	<u>6,573</u>
Miscellaneous:	<u>493,888</u>	<u>1,067,296</u>	<u>573,408</u>
Total revenues	<u>44,106,577</u>	<u>47,511,748</u>	<u>3,405,171</u>
<b>EXPENDITURES</b>			
General government:			
General administration			
Salaries and employee benefits	2,091,603	2,032,769	58,834
Operating expenditures	948,229	847,903	100,326
Professional services	909,539	827,975	81,564
Economic development	9,850,904	9,775,360	75,544
Workers compensation/other insurance	818,150	743,135	75,015
Capital outlay	160,500	160,122	378
Reimbursement - proprietary funds	(442,467)	(442,467)	-
Total	<u>14,336,458</u>	<u>13,944,797</u>	<u>391,661</u>
Information technology			
Salaries and employee benefits	549,471	535,909	13,562
Operating expenditures	931,617	940,277	(8,660)
Professional services	3,771	3,625	146
Capital outlay	354,757	351,744	3,013
Reimbursement - proprietary funds	(123,523)	(123,523)	-
Total	<u>1,716,093</u>	<u>1,708,032</u>	<u>8,061</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, 2013**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Developmental services</b>			
Salaries and employee benefits	998,992	988,275	10,717
Operating expenditures	75,355	62,344	13,011
Professional services	255,072	250,163	4,909
Capital outlay	23,995	28,319	(4,324)
<b>Total</b>	<b>1,353,414</b>	<b>1,329,101</b>	<b>24,313</b>
<b>Public service</b>			
Salaries and employee benefits	454,876	451,253	3,623
Operating expenditures	131,071	132,483	(1,412)
Professional services	28,510	27,272	1,238
Reimbursement - proprietary funds	(80,482)	(80,482)	-
<b>Total</b>	<b>533,975</b>	<b>530,526</b>	<b>3,449</b>
<b>Buildings /grounds maintenance</b>			
Salaries and employee benefits	1,046,929	989,995	56,934
Operating expenditures	349,850	321,757	28,093
Professional services	190,500	176,858	13,642
Capital outlay	78,750	60,585	18,165
Reimbursement - proprietary funds	(103,528)	(103,528)	-
<b>Total</b>	<b>1,562,501</b>	<b>1,445,667</b>	<b>116,834</b>
<b>Total general government</b>	<b>19,502,441</b>	<b>18,958,123</b>	<b>544,318</b>
<b>Public safety:</b>			
<b>Police</b>			
Salaries and employee benefits	6,141,223	5,979,895	161,328
Operating expenditures	989,416	746,903	242,513
Professional services	21,300	14,945	6,355
Capital outlay	908,300	682,234	226,066
<b>Total</b>	<b>8,060,239</b>	<b>7,423,977</b>	<b>636,262</b>
<b>Fire</b>			
Salaries and employee benefits	5,629,528	5,565,907	63,621
Operating expenditures	963,186	960,933	2,253
Professional services	125,979	123,373	2,606
Capital outlay	617,857	623,316	(5,459)
<b>Total</b>	<b>7,336,550</b>	<b>7,273,529</b>	<b>63,021</b>
<b>Total public safety</b>	<b>15,396,789</b>	<b>14,697,506</b>	<b>699,283</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, 2013**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Transportation:			
Streets and highways			
Salaries and employee benefits	1,001,608	919,372	82,236
Operating expenditures	596,135	583,879	12,256
Professional services	13,350	129,472	(116,122)
Capital outlay	586,220	542,819	43,401
Total	<u>2,197,313</u>	<u>2,175,542</u>	<u>21,771</u>
Fleet maintenance			
Salaries and employee benefits	463,018	456,277	6,741
Operating expenditures	112,050	111,766	284
Professional services	97,300	103,787	(6,487)
Capital outlay	23,350	23,350	-
Total	<u>695,718</u>	<u>695,180</u>	<u>538</u>
Powell street maintenance			
Operating expenditures	956,806	487,953	468,853
Professional services	5,000	-	5,000
Capital outlay	586,006	394,406	191,600
Total	<u>1,547,812</u>	<u>882,359</u>	<u>665,453</u>
Total transportation	<u>4,440,843</u>	<u>3,753,081</u>	<u>687,762</u>
Environmental protection:			
Sanitation			
Salaries and employee benefits	1,032,226	975,966	56,260
Operating expenditures	495,650	499,170	(3,520)
Professional services	40,900	41,476	(576)
Capital outlay	394,000	391,799	2,201
Total environmental protection	<u>1,962,776</u>	<u>1,908,411</u>	<u>54,365</u>
Cultural and recreation:			
Parks and recreation			
Salaries and employee benefits	1,155,125	995,155	159,970
Operating expenditures	755,596	603,706	151,890
Professional services	282,100	245,143	36,957
Capital outlay	1,089,354	1,143,140	(53,786)
Total	<u>3,282,175</u>	<u>2,987,144</u>	<u>295,031</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, 2013**

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Citizens center</b>			
Salaries and employee benefits	409,882	374,851	35,031
Operating expenditures	383,106	351,169	31,937
Professional services	15,590	13,998	1,592
Capital outlay	73,666	13,890	59,776
<b>Total</b>	<b>882,244</b>	<b>753,908</b>	<b>128,336</b>
<b>Golf course</b>			
Salaries and employee benefits	302,559	296,967	5,592
Operating expenditures	229,271	248,525	(19,254)
Professional services	16,680	15,088	1,592
Capital outlay	37,500	-	37,500
<b>Total</b>	<b>586,010</b>	<b>560,580</b>	<b>25,430</b>
<b>Library</b>			
Salaries and benefits	1,325,589	1,272,751	52,838
Operating expenditures	601,470	585,149	16,321
Professional services	17,250	13,673	3,577
<b>Total</b>	<b>1,944,309</b>	<b>1,871,573</b>	<b>72,736</b>
<b>Total cultural and recreation</b>	<b>6,694,738</b>	<b>6,173,205</b>	<b>521,533</b>
<b>Debt service:</b>			
Principal retirement	757,883	752,267	5,616
Interest and fees	150,344	150,264	80
<b>Total debt service</b>	<b>908,227</b>	<b>902,531</b>	<b>5,696</b>
<b>Total expenditures</b>	<b>48,905,814</b>	<b>46,392,857</b>	<b>2,512,957</b>
<b>Total revenues over (under) expenditures</b>	<b>(4,799,237)</b>	<b>1,118,891</b>	<b>5,918,128</b>
<b>Other financing sources (uses):</b>			
Transfers to other funds:			
Capital improvement fund	(6,781,586)	(6,158,871)	622,715
Home/Trust/CDBG fund	-	(18,779)	(18,779)
<b>Total other financing sources (uses):</b>	<b>(6,781,586)</b>	<b>(6,177,650)</b>	<b>603,936</b>
<b>Fund balance appropriated</b>	<b>11,580,823</b>	<b>-</b>	<b>(11,580,823)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>(5,058,759)</b>	<b>\$ (5,058,759)</b>
<b>Fund balances:</b>			
Beginning of year		27,702,177	
End of year		<u>\$ 22,643,418</u>	





## Other Major Governmental Fund

### Capital Projects Fund

The Capital Projects Fund is used to account for new parks, park improvements, recreation center improvements, a picnic shelter, a fire training facility, a new fire station, street improvements and telecommunications 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, 2013**

	Project		Actual	
	Authorization	Prior Years	Current Year	Total to Date
<b>REVENUES</b>				
Restricted intergovernmental:				
Investment earnings	\$ 21,848	\$ 1,503,978	\$ 4,415	\$ 1,508,393
Reimbursement from joint venture	30,867,875	23,588,141	7,279,734	30,867,875
Sale of capital assets	-	821,431	-	821,431
Miscellaneous revenue	-	616,256	-	616,256
Total revenues	<u>30,889,723</u>	<u>26,529,806</u>	<u>7,284,149</u>	<u>33,813,955</u>
<b>EXPENDITURES</b>				
Cultural and recreational:				
Cornelius Road Park	9,482,491	9,424,056	20,209	9,444,265
Selma Burke Center	1,956,014	1,935,447	20,566	1,956,013
Playground Surface	400,604	192,130	195,205	387,335
Lee Street Picnic Shelter	13,295	-	13,295	13,295
Buildings and structures:				
Fire Training Facility	826,606	185,104	640,877	825,981
Fire Station 5	1,866,542	-	1,435,888	1,435,888
Street improvements:				
East McLelland Ave.	448,380	220,884	227,496	448,380
Telecommunications:				
MI-Connection	80,000,000	73,910,622	-	73,910,622
Debt Service:				
Principal payments	14,028,800	8,256,900	5,771,900	14,028,800
Interest	17,024,780	10,672,951	6,351,829	17,024,780
Total expenditures	<u>126,047,512</u>	<u>104,798,094</u>	<u>14,677,265</u>	<u>119,475,359</u>
Revenues under expenditures	<u>(95,157,789)</u>	<u>(78,268,288)</u>	<u>(7,393,116)</u>	<u>(85,661,404)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Certificates of Participation	73,910,622	73,910,622	-	73,910,622
Proceeds from Limited Obligation				
Refunding Bonds	10,127,009	10,127,009	-	10,127,009
Proceeds from General Obligation Bonds	10,819,480	8,203,425	-	8,203,425
Deposit to Escrow Agent Account	(10,013,485)	(10,013,485)	-	(10,013,485)
Transfer from General Fund	10,314,163	4,155,292	6,158,871	10,314,163
Total other financing sources (uses)	<u>95,157,789</u>	<u>86,382,863</u>	<u>6,158,871</u>	<u>92,541,734</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 8,114,575</u>	<u>(1,234,245)</u>	<u>\$ 6,880,330</u>
Fund balances:				
Beginning of year			<u>8,114,575</u>	
End of year			<u>\$ 6,880,330</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, 2013**

	Project		Actual	
	Authorization	Prior Years	Current Year	Total to Date
<b>REVENUES</b>				
Restricted intergovernmental:				
Home Funds 11-12	\$ 89,291	\$ 66,336	\$ -	\$ 66,336
Home Funds 12-13	79,623	-	-	-
Program Income	-	370,086	112,038	482,124
Total revenues	<u>168,914</u>	<u>436,422</u>	<u>112,038</u>	<u>548,460</u>
<b>EXPENDITURES</b>				
Economic development:				
Home Projects	201,821	62,188	15,000	77,188
Miscellaneous	56,999	-	5,235	5,235
Total expenditures	<u>258,820</u>	<u>62,188</u>	<u>20,235</u>	<u>82,423</u>
Revenues over (under) expenditures	<u>(89,906)</u>	<u>374,234</u>	<u>91,803</u>	<u>466,037</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer from General Fund	39,906	20,000	18,779	38,779
Appropriated Fund Balance	50,000	-	-	-
Total other financing sources	<u>89,906</u>	<u>20,000</u>	<u>18,779</u>	<u>38,779</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 394,234</u>	<u>110,582</u>	<u>\$ 504,816</u>
Fund balances:				
Beginning of year			<u>394,234</u>	
End of year			<u>\$ 504,816</u>	





## Major Enterprise Fund

### Proprietary 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)**  
**PROPRIETARY FUND**  
**For The Fiscal Year Ended June 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Operating revenues:			
Charges for services			
Water sales	\$ 7,606,685	\$ 8,294,388	\$ 687,703
Sewer charges	9,723,742	9,821,039	97,297
Water and sewer taps	45,000	97,887	52,887
Penalties	-	2,125	2,125
Fees	436,750	792,502	355,752
Miscellaneous	60,000	798,359	738,359
Total operating revenues	<u>17,872,177</u>	<u>19,806,300</u>	<u>1,934,123</u>
Nonoperating revenues:			
Availability fees	575,000	1,237,390	662,390
System development fees	275,000	553,610	278,610
Interest on investments	15,000	17,135	2,135
Total nonoperating revenues	<u>865,000</u>	<u>1,808,135</u>	<u>943,135</u>
Total revenues	<u>18,737,177</u>	<u>21,614,435</u>	<u>2,877,258</u>
<b>EXPENDITURES</b>			
Water and Sewer Administration:			
Salaries and employee benefits	1,694,696	1,652,509	42,187
Professional services	325,695	356,466	(30,771)
Operating expenditures	2,387,425	1,973,389	414,036
Repairs and maintenance	350,000	730,873	(380,873)
Total water and sewer administration	<u>4,757,816</u>	<u>4,713,237</u>	<u>44,579</u>
Water Treatment:			
Salaries and employee benefits	\$ 1,563,464	\$ 1,501,858	\$ 61,606
Professional services	381,069	244,614	136,455
Operating expenditures	636,300	509,062	127,238
Repairs and maintenance	187,200	160,226	26,974
Total water treatment	<u>2,768,033</u>	<u>2,415,760</u>	<u>352,273</u>
Wastewater Treatment:			
Salaries and employee benefits	1,170,072	1,132,343	37,729
Professional services	119,000	59,938	59,062
Operating expenditures	1,157,244	1,099,360	57,884
Repairs and maintenance	256,400	193,185	63,215
Total wastewater treatment	<u>2,702,716</u>	<u>2,484,826</u>	<u>217,890</u>
Debt Service:			
Interest and other charges	3,530,095	3,529,582	513
Principal retirement	3,852,538	3,852,538	-
Total debt service	<u>7,382,633</u>	<u>7,382,120</u>	<u>513</u>
Capital outlay	<u>1,054,500</u>	<u>924,910</u>	<u>129,590</u>

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**PROPRIETARY FUND**  
**For The Fiscal Year Ended June 30, 2013**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Total expenditures	18,665,698	17,920,853	744,845
Revenues over expenditures	71,479	3,693,582	3,622,103
Other Financing Sources (Uses):			
Fund balance appropriated	1,128,521	-	(1,128,521)
Transfer to Utility Capital Projects Fund	(1,200,000)	(1,200,000)	-
Total other financing sources (uses)	(71,479)	(1,200,000)	(1,128,521)
Revenues and other sources over expenditures and other uses	\$ -	\$ 2,493,582	\$ 2,493,582

	<b>Actual</b>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:	
Total revenues and transfers in	\$ 21,614,435
Total expenditures and transfers out	19,120,853
Revenues and other financing sources over expenditures and other financing uses	2,493,582
Revenues and other financing sources under expenditures and other financing uses - Utility Capital Projects Fund	(504,736)
Reconciling items:	
Payment on debt principal	\$ 3,852,538
Interest expense capitalized (net of interest income)	3,196,744
Change in accrued interest	23,745
Capital outlay	2,631,102
Deferred bond premium	227,543
Payroll accrual	(24,072)
Other post employment benefits	(299,015)
Total Adjustments	9,608,585
Depreciation	(4,004,968)
Change in net position	\$ 7,592,463



## Other Major Enterprise Fund

## Utility Capital Projects Fund

The Utility Capital Projects Fund is used to account for the wastewater plant expansion, pump station improvements, a biosolids belt dryer, line extensions 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, 2013**

	Project		Actual	
	Authorization	Prior Years	Current Year	Total to Date
<b>REVENUES</b>				
Nonoperating Revenues:				
Interest on investments	\$ -	\$ 2,358,204	\$ 3,456	\$ 2,361,660
Miscellaneous revenue	-	15,038	-	15,038
Total revenues	-	2,373,242	3,456	2,376,698
<b>EXPENDITURES</b>				
Administrative fees	784,991	532,916	2,000	534,916
Lower W Branch Outfall	4,047,791	3,958,347	89,442	4,047,789
Wastewater Treatment Plant Expansion	11,833,148	11,434,129	34,859	11,468,988
Presbyterian Lift Station	9,811,726	9,698,776	112,950	9,811,726
Biosolids Belt Dryer	3,259,055	3,014,054	245,000	3,259,054
Mazeppa Booster Pump Station	507,577	337,840	173,737	511,577
North Side Pump Station	281,471	184,193	97,277	281,470
Reeds Creek Pump Improvements	280,427	-	-	-
Reeds Creek Pump Station Main	1,929,069	-	952,927	952,927
Total expenditures	32,735,255	29,160,255	1,708,192	30,868,447
Revenues (under) expenditures	(32,735,255)	(26,787,013)	(1,704,736)	(28,491,749)
<b>OTHER FINANCING SOURCES (USES)</b>				
State Revolving Fund Loan	11,567,647	11,567,647	-	11,567,647
Proceeds from 2010 Revenue Bonds	15,373,890	15,248,892	-	15,248,892
Proceeds from Revenue Bonds	4,328,218	4,047,790	-	4,047,790
Transfer from Utility Fund	1,465,500	265,500	1,200,000	1,465,500
Total other financing sources (uses)	32,735,255	31,129,829	1,200,000	32,329,829
Revenues and other financial sources over (under) expenditures and other uses	\$ -	\$ 4,342,816	\$ (504,736)	\$ 3,838,080





## Fiduciary Funds

Fiduciary Funds are custodial in nature and do not involve the measurement of operating results. They are used to account for the assets the Town holds on behalf of others. The Town maintains the following Fiduciary Funds: Mooresville Alcoholic Beverage Control (A Component Unit of the Town of Mooresville), Mooresville Travel and Tourism and Mooresville Downtown Commission.





**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For The Fiscal Year Ended June 30, 2013**

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<b>Travel &amp; Tourism</b>				
Assets:				
Cash and cash equivalents	\$ 145,639	\$ 810,658	\$ 793,603	\$ 162,694
Accounts receivable	70,293	79,172	70,293	79,172
	<u>\$ 215,932</u>	<u>\$ 889,830</u>	<u>\$ 863,896</u>	<u>\$ 241,866</u>
Liabilities:				
Accounts payable	\$ 215,932	\$ 673,897	\$ 647,963	\$ 241,866
	<u>\$ 215,932</u>	<u>\$ 673,897</u>	<u>\$ 647,963</u>	<u>\$ 241,866</u>
<b>ABC Revenue</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 280,000	\$ 280,000	\$ -
Accounts receivable	60,000	70,000	60,000	70,000
	<u>\$ 60,000</u>	<u>\$ 350,000</u>	<u>\$ 340,000</u>	<u>\$ 70,000</u>
Liabilities:				
Accounts payable	\$ 60,000	\$ 350,000	\$ 340,000	\$ 70,000
	<u>\$ 60,000</u>	<u>\$ 350,000</u>	<u>\$ 340,000</u>	<u>\$ 70,000</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 145,639	\$ 1,090,658	\$ 1,073,603	\$ 162,694
Accounts receivable	130,293	149,172	130,293	149,172
	<u>\$ 275,932</u>	<u>\$ 1,239,830</u>	<u>\$ 1,203,896</u>	<u>\$ 311,866</u>
Liabilities:				
Accounts payable	\$ 275,932	\$ 1,023,897	\$ 987,963	\$ 311,866
	<u>\$ 275,932</u>	<u>\$ 1,023,897</u>	<u>\$ 987,963</u>	<u>\$ 311,866</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, 2013**

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections And Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 30,273,297	\$ 29,320,767	\$ 952,530
2011-2012	1,119,684	-	700,244	419,440
2010-2011	395,482	-	135,824	259,658
2009-2010	259,076	-	57,780	201,296
2008-2009	124,466	-	9,325	115,141
2007-2008	96,957	-	7,699	89,258
2006-2007	317,803	-	725	317,078
2005-2006	50,994	-	360	50,634
2004-2005	43,535	-	291	43,244
2003-2004	42,133	-	411	41,722
2002-2003	38,717	-	38,717	-
Totals	<u>\$ 2,488,847</u>	<u>\$ 30,273,297</u>	<u>\$ 30,272,143</u>	2,490,001

Less: Allowance for uncollectible accounts:

General Fund 387,170

Ad Valorem taxes receivable - net \$ 2,102,831

Reconciliation with revenues:

Ad Valorem taxes \$ 30,278,768

Reconciling items:

Refunds 148,041

Interest collected (193,385)

Taxes collected written off in prior years 2

Taxes written off - state statute 38,717

Total collections and credits \$ 30,272,143

**TOWN OF MOORESVILLE, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
TOWN-WIDE LEVY  
For The Fiscal Year Ended June 30, 2013**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 5,120,372,733	0.58	\$ 29,696,631	\$ 28,308,719	\$ 1,387,912
Registered motor vehicles taxed at prior year's rate	121,246,719	0.58	702,536	-	702,536
Penalties	-		35,468	35,468	-
Total	5,241,619,452		30,434,635	28,344,187	2,090,448
Discoveries:					
Current year taxes	18,141,702	0.58	105,222	86,875	18,347
Penalties	-		3,506	3,506	-
Total	18,141,702		108,728	90,381	18,347
Abatements	(46,563,096)		(270,066)	(102,735)	(167,331)
Total property valuation	\$ 5,213,198,058				
Net levy			30,273,297	28,331,833	1,941,464
Uncollected taxes at June 30, 2013			(952,530)	(719,092)	(233,438)
Current year's taxes collected			\$ 29,320,767	\$ 27,612,741	\$ 1,708,026
Current levy collection percentage			96.85%	97.46%	87.98%

**TOWN OF MOORESVILLE, NORTH CAROLINA  
 SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
 MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT  
 June 30, 2013**

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections And Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 67,414	\$ 61,767	\$ 5,647
2011-2012	5,178	-	1,622	3,556
2010-2011	1,265	-	313	952
2009-2010	3,355	-	-	3,355
2008-2009	649	-	-	649
2007-2008	394	-	197	197
2006-2007	53	-	-	53
2005-2006	80	-	-	80
2004-2005	62	-	-	62
2003-2004	315	-	-	315
2002-2003	18	-	18	-
Totals	<u>\$ 11,369</u>	<u>\$ 67,414</u>	<u>\$ 63,917</u>	14,866

Less: Allowance for uncollectible accounts:	
General Fund	180
Ad Valorem taxes receivable - net	\$ 14,686
<u>Reconciliation with revenues:</u>	
Ad Valorem taxes	\$ 64,455
Reconciling items:	
Interest and penalties	(556)
Taxes written off	18
Total collections and credits	\$ 63,917

**TOWN OF MOORESVILLE, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT  
For The Fiscal Year Ended June 30, 2013**

	Mooreville Downtown			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 41,979,522	0.16	\$ 67,167	\$ 66,253	\$ 914
Registered motor vehicles taxed at prior year's rate	<u>168,746</u>	0.16	<u>270</u>	<u>-</u>	<u>270</u>
Total	<u>42,148,268</u>		<u>67,437</u>	<u>66,253</u>	<u>1,184</u>
Discoveries:					
Current year taxes	1,894	0.16	3	1	2
Penalties	<u>-</u>		<u>119</u>	<u>119</u>	<u>-</u>
Total	<u>1,894</u>		<u>122</u>	<u>120</u>	<u>2</u>
Abatements	<u>(90,800)</u>		<u>(145)</u>	<u>(34)</u>	<u>(111)</u>
Total property valuation	<u><u>\$ 42,059,362</u></u>				
Net levy			67,414	66,339	1,075
Uncollected taxes at June 30, 2013			<u>(5,647)</u>	<u>(5,527)</u>	<u>(120)</u>
Current year's taxes collected			<u>\$ 61,767</u>	<u>\$ 60,812</u>	<u>\$ 955</u>
Current levy collection percentage			<u>91.62%</u>	<u>91.67%</u>	<u>88.84%</u>



**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF TRANSFERS**  
**June 30, 2013**

	Transfers	
	From	To
Operating Transfers From/To Other Funds		
Utility Fund	\$ 1,200,000	\$ -
Utility Capital Improvements Fund	-	1,200,000
Capital Improvements Fund	-	6,158,871
Home/Trust/CDBG Fund	-	18,779
General Fund	6,177,650	-
 Total operating transfers - other funds	\$ 7,377,650	\$ 7,377,650





# 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 governments' overall financial health.

Contents:	Page
Financial Trends.....	108
These schedules contain trend information to help the reader understand how the governments' financial performance and well-being have changed over time.	
Revenue Capacity .....	121
These schedules contain information to help the reader assess the governments' most significant local revenue source, property tax. The Towns' other major local revenue sources are utility revenues of which the water utility revenues are the largest.	
Debt Capacity.....	134
These schedules present information to help the reader assess the affordability of the governments' current level of outstanding debt and the governments' ability to issue additional debt in the future.	
Economic and Demographic Information.....	140
These schedules offer economic and demographic indicators to help the reader understand the environment within which the governments' financial activities take place.	
Operating Information .....	144
These schedules contain service and infrastructure data to help the reader understand how the information in the governments' 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			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>GOVERNMENTAL ACTIVITIES NET POSITION</b>				
Invested in capital assets, net of related debt	\$ 14,093,903	\$ 12,522,013	\$ 16,248,589	\$ 20,680,275
Restricted	209,392	997,784	1,730,710	1,310,307
Unrestricted	7,459,221	9,623,816	11,697,030	16,311,233
Total governmental activities net position, as restated	<u>\$ 21,762,516</u>	<u>\$ 23,143,613</u>	<u>\$ 29,676,329</u>	<u>\$ 38,301,815</u>
<b>BUSINESS-TYPE ACTIVITIES NET POSITION</b>				
Invested in capital assets, net of related debt	\$ 28,420,397	\$ 36,313,202	\$ 34,888,458	\$ 32,391,056
Restricted	-	-	-	-
Unrestricted	6,847,142	(7,210,532)	737,172	17,641,569
Total business-type activities net position, as restated	<u>\$ 35,267,539</u>	<u>\$ 29,102,670</u>	<u>\$ 35,625,630</u>	<u>\$ 50,032,625</u>
<b>PRIMARY GOVERNMENT NET POSITION</b>				
Invested in capital assets, net of related debt	\$ 42,514,300	\$ 48,835,215	\$ 51,137,047	\$ 53,071,331
Restricted	209,392	997,784	1,730,710	1,310,307
Unrestricted	14,306,363	2,413,284	12,434,202	33,952,802
Total primary government net position, as restated	<u>\$ 57,030,055</u>	<u>\$ 52,246,283</u>	<u>\$ 65,301,959</u>	<u>\$ 88,334,440</u>

TABLE 1

<b>Fiscal Year</b>						
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
\$ 27,509,608	\$ 38,823,920	\$ 27,405,521	\$ 27,464,059	\$ 35,583,120	\$ 39,411,617	
1,685,591	2,022,862	1,855,870	4,208,903	13,354,084	5,755,920	
17,264,639	12,103,179	21,495,884	21,669,228	5,490,861	7,800,082	
<b>\$ 46,459,838</b>	<b>\$ 52,949,961</b>	<b>\$ 50,757,275</b>	<b>\$ 53,342,190</b>	<b>\$ 54,428,065</b>	<b>\$ 52,967,619</b>	
\$ 44,638,067	\$ 46,002,986	\$ 46,802,620	\$ 47,919,131	\$ 56,729,563	\$ 53,868,075	
-	-	-	-	-	-	
9,647,369	13,122,771	18,157,978	24,096,445	23,231,249	33,685,200	
<b>\$ 54,285,436</b>	<b>\$ 59,125,757</b>	<b>\$ 64,960,598</b>	<b>\$ 72,015,576</b>	<b>\$ 79,960,812</b>	<b>\$ 87,553,275</b>	
\$ 72,147,675	\$ 84,826,906	\$ 74,208,141	\$ 75,383,190	\$ 92,312,683	\$ 93,279,692	
1,685,591	2,022,862	1,855,870	4,208,903	13,354,084	5,755,920	
26,912,008	25,225,950	39,653,862	45,765,673	28,722,110	41,485,282	
<b>\$ 100,745,274</b>	<b>\$ 112,075,718</b>	<b>\$ 115,717,873</b>	<b>\$ 125,357,766</b>	<b>\$ 134,388,877</b>	<b>\$ 140,520,894</b>	

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 6,301,020	\$ 9,999,434	\$ 6,207,411	\$ 8,233,603
Transportation	1,724,270	1,833,035	2,404,786	2,118,884
Public safety	5,469,990	7,280,616	8,229,292	8,711,918
Economic and physical development	519,813	320,293	419,724	84,737
Environmental protection	1,308,718	1,458,439	1,570,290	1,626,753
Cultural and recreation	3,416,920	3,511,971	4,038,974	4,754,828
Workers compensation	293,389	-	-	-
Debt service				
Interest on long-term debt	560,488	782,123	816,958	889,538
Total governmental activities expenses	<u>19,594,608</u>	<u>25,185,911</u>	<u>23,687,435</u>	<u>26,420,261</u>
Business-type activities:				
Utility	8,050,736	14,881,404	13,583,064	1,372,270
Golf Course	1,008,190	1,034,358	924,351	-
Total business-type activities expenses	<u>9,058,926</u>	<u>15,915,762</u>	<u>14,507,415</u>	<u>1,372,270</u>
Total primary government expenses	<u>\$ 28,653,534</u>	<u>\$ 41,101,673</u>	<u>\$ 38,194,850</u>	<u>\$ 27,792,531</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 133,918	\$ 71,077	\$ 73,353	\$ 536,867
Transportation	-	5,375	-	-
Public safety	53,568	-	-	48,736
Economic and physical development	-	65,982	64,876	-
Environmental protection	349,705	287,078	278,466	268,318
Cultural and recreation	535,560	1,042,935	1,475,356	1,606,370
Operating grants and contributions:				
General government	-	-	-	200
Transportation	592,825	1,148,458	850,802	889,692
Public safety	68,445	511,678	388,565	188,757
Economic and physical development	309,262	54,929	147,696	-
Environmental protection	62,370	-	-	-
Cultural and recreation	338,694	281,511	17,115	1,569,302
Capital grants and contributions:				
General government	-	-	-	-
Transportation	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Environmental protection	-	-	-	-
Cultural and recreation	400,078	1,500,200	1,900,000	-
Total governmental activities program revenues	<u>2,844,425</u>	<u>4,969,223</u>	<u>5,196,229</u>	<u>5,108,242</u>

**TABLE 2**  
Page 1 of 3

							<b>Fiscal Year</b>						
		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>	
\$	11,477,985	\$	12,959,450	\$	15,060,096	\$	11,067,649	\$	9,989,465	\$	9,146,057		
	2,262,643		3,746,913		3,224,833		3,191,898		3,743,392		3,907,548		
	10,689,217		12,171,795		13,133,977		13,911,924		14,420,428		15,569,175		
	66,474		19,520		4,974,985		8,553,316		9,268,623		13,124,648		
	1,717,663		2,127,205		1,591,995		1,685,486		2,149,440		1,849,663		
	4,853,866		5,870,958		6,795,428		5,279,840		5,337,073		6,514,640		
	-		-		-		-		-		-		
	3,422,577		6,035,927		6,663,343		7,100,232		6,840,409		6,764,395		
	34,490,425		42,931,768		51,444,657		50,790,345		51,748,830		56,876,126		
	12,050,611		11,477,538		11,698,070		12,522,706		12,588,638		14,025,428		
	-		-		-		-		-		-		
	12,050,611		11,477,538		11,698,070		12,522,706		12,588,638		14,025,428		
\$	46,541,036	\$	54,409,306	\$	63,142,727	\$	63,313,051	\$	64,337,468	\$	70,901,554		
\$	811,757	\$	504,432	\$	234,012	\$	248,298	\$	229,390	\$	363,003		
	46,443		2,550		-		9,706		227,377		58		
	111,128		64,528		37,132		19,987		56,012		71,718		
	-		-		-		-		-		-		
	237,404		214,182		117,188		30,565		536,765		525,698		
	1,665,222		1,531,504		1,484,342		1,596,716		1,631,984		1,820,802		
	-		-		2,895		259,525		256,291		200,000		
	985,831		1,021,632		859,593		891,261		1,564,648		1,130,382		
	216,453		586,425		194,755		236,445		185,080		1,621,206		
	418,020		350,999		235,499		72,979		138,106		112,038		
	-		20,000		-		-		100,000		-		
	2,017,183		2,470,257		1,657,198		1,497,978		1,385,730		357,367		
	-		-		-		-		-		-		
	-		-		-		-		-		-		
	-		-		-		-		-		-		
	-		-		-		-		-		-		
	-		-		-		-		-		-		
	6,509,441		6,766,509		4,822,614		4,863,460		6,311,383		6,202,272		

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Business-type activities:				
Charges for services:				
Utility	8,224,921	10,053,798	14,404,589	15,241,659
Golf course	810,761	839,896	938,262	-
Operating grants and contributions:				
Utility	-	-	31,586	-
Golf course	-	-	-	-
Capital grants and contributions:				
Utility	144,514	1,530,127	-	-
Golf course	-	-	-	-
Total business-type activities program revenues	<u>9,180,196</u>	<u>12,423,821</u>	<u>15,374,437</u>	<u>15,241,659</u>
Total primary government program revenues	<u>\$ 12,024,621</u>	<u>\$ 17,393,044</u>	<u>\$ 20,570,666</u>	<u>\$ 20,349,901</u>
Net revenue (expense):				
Governmental activities	(16,750,183)	(20,216,688)	(18,491,206)	(21,312,019)
Business-type activities	1,129,460	(2,457,583)	1,791,373	13,869,389
Total primary government net revenue (expense)	<u>\$ (15,620,723)</u>	<u>\$ (22,674,271)</u>	<u>\$ (16,699,833)</u>	<u>\$ (7,442,630)</u>
<b>GENERAL REVENUES AND OTHER</b>				
<b>CHANGES IN NET POSITION</b>				
Governmental activities:				
Property taxes, levied for general purpose	\$ 10,990,907	\$ 13,121,903	\$ 14,299,462	\$ 18,367,295
Motor vehicle taxes	1,081,386	979,078	1,346,719	1,403,978
Local option sales tax	3,911,645	4,521,100	5,069,438	5,749,714
Franchise tax	1,007,170	1,138,832	1,347,984	1,483,056
Other taxes	627,112	677,239	813,609	202,782
Grants and contributions not restricted to specific programs	211,664	159,605	18,445	63,646
Restricted investment earnings	8,861	4,982	61,032	49,307
Unrestricted investment earnings	162,993	309,516	335,068	990,733
Unrestricted intergovernmental	-	-	-	-
Investment earnings	-	-	-	-
Loan reimbursements	-	-	-	-
Miscellaneous	394,677	419,323	1,256,160	1,145,668
Transfers in (out)	281,304	249,881	459,680	465,000
Total governmental activities general revenues and other changes in net position	<u>18,677,719</u>	<u>21,581,459</u>	<u>25,007,597</u>	<u>29,921,179</u>



<b>Fiscal Year</b>						
<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	
16,647,049	16,269,076	18,242,699	20,449,036	21,164,954	21,597,300	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	577,300	-	-	-	-	
-	-	-	-	-	-	
16,647,049	16,846,376	18,242,699	20,449,036	21,164,954	21,597,300	
<b>\$ 23,156,490</b>	<b>\$ 23,612,885</b>	<b>\$ 23,065,313</b>	<b>\$ 25,312,496</b>	<b>\$ 27,476,337</b>	<b>\$ 27,799,572</b>	
(27,980,984)	(36,165,259)	(46,622,043)	(45,926,885)	(45,437,447)	(50,673,854)	
4,596,438	5,368,838	6,544,629	7,926,330	8,576,316	7,571,872	
<b>\$ (23,384,546)</b>	<b>\$ (30,796,421)</b>	<b>\$ (40,077,414)</b>	<b>\$ (38,000,555)</b>	<b>\$ (36,861,131)</b>	<b>\$ (43,101,982)</b>	
<b>\$ 22,772,622</b>	<b>\$ 25,756,279</b>	<b>\$ 27,898,329</b>	<b>\$ 29,002,144</b>	<b>\$ 28,648,157</b>	<b>\$ 29,172,415</b>	
1,604,763	1,610,432	1,508,722	1,472,720	1,576,657	1,708,026	
6,500,313	5,955,157	5,696,346	5,981,719	6,817,622	7,093,387	
1,507,727	1,714,517	1,834,059	2,109,112	1,959,160	2,248,853	
332,906	161,403	109,436	235,231	264,290	222,861	
66,315	-	303,506	314,895	285,975	427,321	
760,787	-	-	-	-	-	
1,157,677	-	134,679	81,920	20,534	22,988	
-	384,986	-	-	-	-	
-	959,893	-	-	-	-	
-	4,338,093	4,596,773	7,275,612	7,291,797	7,279,734	
1,638,559	733,785	1,910,060	1,347,963	636,552	1,037,823	
625,000	639,300	450,000	650,000	650,000	-	
36,966,669	42,253,845	44,441,910	48,471,316	48,150,744	49,213,408	

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

	<b>Fiscal Year</b>			
	<u><b>2004</b></u>	<u><b>2005</b></u>	<u><b>2006</b></u>	<u><b>2007</b></u>
Business-type activities:				
Restricted investment earnings	-	-	-	-
Unrestricted investment earnings	161,718	998,140	1,487,245	232,832
Unrestricted intergovernmental	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	350,870	531,648	7,150	-
Transfers in (out)	(281,304)	(249,881)	(459,680)	(465,000)
Total business-type activities general revenues and other changes in net position	<u>231,284</u>	<u>1,279,907</u>	<u>1,034,715</u>	<u>(232,168)</u>
Total primary government general revenues and other changes in net position	<u>\$ 18,909,003</u>	<u>\$ 22,861,366</u>	<u>\$ 26,042,312</u>	<u>\$ 29,689,011</u>
Change in net position:				
Governmental activities	1,927,536	1,364,771	6,516,391	8,609,160
Business-type activities	1,360,744	(1,177,676)	2,826,088	13,637,221
Total primary government change in net position	<u>\$ 3,288,280</u>	<u>\$ 187,095</u>	<u>\$ 9,342,479</u>	<u>\$ 22,246,381</u>

<b>Fiscal Year</b>					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
231,528	-	-	-	-	-
-	-	60,488	84,071	32,013	20,591
-	60,938	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(625,000)	(639,300)	(450,000)	(650,000)	(650,000)	-
(393,472)	(578,362)	(389,512)	(565,929)	(617,987)	20,591
\$ 36,573,197	\$ 41,675,483	\$ 44,052,398	\$ 47,905,387	\$ 47,532,757	\$ 49,233,999
8,985,685	6,088,586	(2,180,133)	2,544,431	2,713,297	(1,460,446)
4,202,966	4,790,476	6,155,117	7,360,401	7,958,329	7,592,463
\$ 13,188,651	\$ 10,879,062	\$ 3,974,984	\$ 9,904,832	\$ 10,671,626	\$ 6,132,017

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>MAJOR GOVERNMENTAL FUND BALANCES</b>				
General fund				
Non-spendable	\$ -	\$ -	\$ -	\$ 26,600
Restricted	2,725,125	2,622,750	1,924,920	3,249,998
Committed	-	24,858	3,414,893	1,659,875
Assigned	-	-	-	-
Unassigned	6,026,305	4,514,055	4,038,922	8,808,261
Capital projects fund				
Committed	-	-	-	-
Assigned	15,178,692	4,902,433	2,786,801	3,933,568
Total major governmental fund balances	<u>23,930,122</u>	<u>12,064,096</u>	<u>12,165,536</u>	<u>17,678,302</u>
<b>NON-MAJOR OTHER GOVERNMENTAL FUND BALANCES</b>				
Restricted	152,796	179,270	209,658	196,260
Total non-major other governmental fund balances	<u>152,796</u>	<u>179,270</u>	<u>209,658</u>	<u>196,260</u>
Total governmental fund balances	<u>\$ 24,082,918</u>	<u>\$ 12,243,366</u>	<u>\$ 12,375,194</u>	<u>\$ 17,874,562</u>

**TABLE 3**

<b>Fiscal Year</b>					
<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
\$ 26,600	\$ 26,600	\$ 26,600	\$ 26,600	\$ 29,649	\$ 60,838
3,886,948	4,669,832	5,204,268	4,174,279	5,239,509	5,251,104
283,514	2,451	5,791,404	848,682	1,400,000	500,000
-	-	-	-	4,402,560	5,139,182
16,549,975	15,141,822	13,931,963	21,180,547	16,630,459	11,692,294
-	-	-	-	8,114,575	6,880,330
26,731,412	34,958,382	27,713,218	11,880,627	-	-
47,478,449	54,799,087	52,667,453	38,110,735	35,816,752	29,523,748
<hr/>					
512,122	490,787	355,710	367,137	394,234	504,816
512,122	490,787	355,710	367,137	394,234	504,816
<hr/>					
\$ 47,990,571	\$ 55,289,874	\$ 53,023,163	\$ 38,477,872	\$ 36,210,986	\$ 30,028,564

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>REVENUES</b>				
Taxes	\$ 16,950,025	\$ 19,912,525	\$ 22,290,529	\$ 26,770,180
Licenses and permits	540,805	585,522	716,781	98,203
Intergovernmental	2,036,908	4,066,418	3,583,436	3,401,064
Charges for services	1,019,183	1,472,447	1,892,051	2,460,291
Investment earnings	171,854	314,498	396,100	1,036,405
Reimbursement from joint ventures	-	-	-	-
Miscellaneous	471,853	449,405	876,116	447,354
Total revenues	<u>21,190,628</u>	<u>26,800,815</u>	<u>29,755,013</u>	<u>34,213,497</u>
<b>EXPENDITURES</b>				
General government	4,318,963	5,274,255	6,425,281	7,774,092
Public safety	5,469,990	6,629,297	7,559,347	8,098,026
Highways and streets	1,724,270	1,687,892	2,227,749	1,902,484
Sanitation	1,308,718	1,312,748	1,398,504	1,439,617
Economic and physical development	533,813	903,869	402,069	210,907
Cultural and recreation	3,416,920	3,359,538	3,800,989	4,312,753
Workers compensation	293,389	-	-	-
Capital outlay	8,673,226	18,470,524	5,095,626	6,890,375
Debt service				
Principal	579,016	1,825,052	2,538,156	2,538,827
Interest	292,274	816,917	835,676	879,645
Total expenditures	<u>26,610,579</u>	<u>40,280,092</u>	<u>30,283,397</u>	<u>34,046,726</u>
Excess of revenues over (under) expenditures	<u>(5,419,951)</u>	<u>(13,479,277)</u>	<u>(528,384)</u>	<u>166,771</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 700,000	\$ 2,218,818	\$ 1,622,298	\$ 1,900,418
Transfers out	(418,696)	(1,968,937)	(1,162,618)	(1,435,418)
Restated Fund Balance	-	-	200,532	-
Proceeds from Recovery Zone Economic Development Bonds	-	-	-	-
Proceeds from debt financing	-	-	-	-
Bonds issued	18,625,883	-	-	2,928,750
Proceeds from Street Anticipation Note	-	-	-	1,938,847
Proceeds form installment obligation	-	1,389,844	-	-
Total other financing sources (uses)	<u>18,907,187</u>	<u>1,639,725</u>	<u>660,212</u>	<u>5,332,597</u>
Net change in fund balances	<u>\$ 13,487,236</u>	<u>\$ (11,839,552)</u>	<u>\$ 131,828</u>	<u>\$ 5,499,368</u>
Debt service as a percentage of noncapital expenditures	4.86%	12.11%	13.39%	12.59%

TABLE 4

							Fiscal Year						
		<u>2008</u>		<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>2013</u>	
\$		32,225,881	\$	34,918,154	\$	36,407,250	\$	38,097,104	\$	38,075,832	\$	39,820,262	
		256,145		161,403		111,004		160,217		150,995		222,861	
		3,873,510		4,710,025		3,208,607		3,212,363		3,886,795		3,713,515	
		2,871,954		2,317,196		1,872,674		1,905,272		2,681,528		2,781,279	
		1,913,366		951,517		108,547		55,836		20,534		22,988	
		695,021		4,338,093		4,596,773		7,275,612		7,291,797		7,279,734	
		732,691		733,785		1,858,580		1,378,620		1,457,983		1,067,296	
		42,568,568		48,130,173		48,163,435		52,085,024		53,565,464		54,907,935	
		10,307,884		10,818,498		11,518,788		9,374,576		9,137,869		8,581,993	
		10,063,196		11,356,266		12,184,442		12,167,767		12,195,439		13,391,956	
		2,004,042		2,395,658		3,211,566		2,262,691		2,691,082		2,792,506	
		1,493,698		1,644,856		1,591,995		1,358,315		1,754,680		1,516,612	
		387,157		453,737		2,227,852		5,161,257		5,972,665		9,795,595	
		4,397,413		4,365,895		4,790,048		4,392,439		4,440,573		5,016,175	
		-		-		-		-		-		-	
		76,241,840		30,520,922		15,182,441		19,669,746		7,026,056		6,969,260	
		3,574,323		2,648,069		3,039,793		6,275,605		6,403,266		6,524,167	
		1,954,988		5,780,214		6,611,721		7,170,822		6,860,720		6,502,093	
		110,424,541		69,984,115		60,358,646		67,833,218		56,482,350		61,090,357	
		(67,855,973)		(21,853,942)		(12,195,211)		(15,748,194)		(2,916,886)		(6,182,422)	
\$		1,967,118	\$	4,651,280	\$	4,572,610	\$	5,957,716	\$	4,825,292	\$	6,177,650	
		(1,342,118)		(4,011,980)		(4,122,610)		(5,307,716)		(4,175,292)		(6,177,650)	
		(153,018)		38,966		-		-		-		-	
		-		-		9,478,500		-		-		-	
		80,000,000		12,550,000		-		552,903		-		-	
		17,500,000		15,924,979		-		-		-		-	
		-		-		-		-		-		-	
		-		-		-		-		-		-	
		97,971,982		29,153,245		9,928,500		1,202,903		650,000		-	
\$		30,116,009	\$	7,299,303	\$	(2,266,711)	\$	(14,545,291)	\$	(2,266,886)	\$	(6,182,422)	
		16.18%		21.36%		21.36%		27.92%		26.82%		24.07%	





**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>
2004	\$ 11,944,903	\$ 3,911,645	\$ 1,007,170	\$ 86,307	\$ 16,950,025
2005	14,160,876	4,521,100	1,138,832	91,717	19,912,525
2006	15,776,279	5,069,438	1,347,984	96,828	22,290,529
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

**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>
2004	\$ 12,072,293	\$ 3,911,645	\$ 1,007,170	\$ -
2005	14,100,981	4,521,100	1,138,832	-
2006	15,646,181	5,069,438	1,347,984	-
2007	19,771,273	5,749,714	1,483,056	-
2008	24,377,385	6,500,313	1,507,727	-
2009	27,366,711	5,955,157	1,714,517	8,329
2010	29,407,051	5,696,346	1,834,059	20,614
2011	30,474,864	5,981,719	2,109,112	25,487
2012	30,224,814	6,817,622	1,959,160	17,269
2013	30,880,441	7,093,387	2,248,853	20,913

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

<sup>2</sup> Mooresville Downtown Commission.

**TABLE 6**

<b>Alcoholic Beverage Tax</b>	<b>Occupancy Tax <sup>2</sup></b>	<b>Cable Franchise Tax</b>	<b>Privilege License</b>	<b>Total</b>
\$ 86,307	\$ 404,373	\$ 103,071	\$ 33,361	\$ 17,618,220
91,717	455,679	96,210	33,633	20,438,152
96,828	549,505	125,628	41,648	22,877,212
104,579	-	64,527	33,676	27,206,825
122,940	-	157,012	52,954	32,718,331
124,274	-	9,749	97,729	35,276,466
43,271	-	12,617	32,934	37,046,892
135,734	-	15,508	58,502	38,800,926
142,330	-	13,120	47,571	39,221,886
134,799	-	16,649	82,487	40,477,529

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

<b>PROGRAM REVENUES</b>			
<b>Fiscal Year</b>	<b>Charges for Services</b>	<b>Operational Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
2004	\$ 1,072,751	\$ 1,371,596	\$ 400,078
2005	1,472,447	1,996,576	1,500,200
2006	1,892,051	1,404,178	1,900,000
2007	2,460,291	2,647,951	-
2008	2,871,954	3,637,487	-
2009	2,317,196	4,449,313	-
2010	1,872,674	2,949,940	-
2011	1,905,272	2,958,188	-
2012	2,681,528	3,629,855	-
2013	2,781,279	3,420,993	-

<b>GENERAL REVENUES</b>						
<b>Taxes</b>	<b>Grants and Contributions Not Restricted to Specific Programs</b>	<b>Investment Earnings</b>	<b>Reimbursements From Joint Venture</b>	<b>Miscellaneous</b>	<b>Total</b>	
\$ 17,829,885	\$ -	\$ 171,854	\$ -	\$ 394,676	\$ 21,240,840	
20,597,757	-	314,498	-	419,323	26,300,801	
22,895,657	-	396,100	-	1,256,160	29,744,146	
27,270,471	-	1,040,040	-	1,145,668	34,564,421	
32,784,646	-	1,918,464	695,021	(56,462)	41,851,110	
35,197,788	384,986	959,893	4,338,093	733,785	48,381,054	
37,046,892	303,506	134,679	4,596,773	1,910,060	48,814,524	
38,800,926	314,895	81,920	7,275,612	1,347,963	52,684,776	
39,265,886	285,975	20,534	7,291,797	636,552	53,812,127	
31,103,302	9,769,561	22,988	7,279,734	1,037,823	55,415,680	



**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>
2004	\$ 2,627,935,819	\$ 31,398,650	\$ 2,659,334,469	0.47	\$ 12,030,253
2005	2,872,160,480	32,176,200	2,904,336,680	0.45	13,959,175
2006	2,997,096,610	35,484,362	3,032,580,972	0.48	15,731,163
2007	3,482,950,952	40,618,344	3,523,569,296	0.49	19,584,160
2008	4,382,568,337	44,091,283	4,426,659,620	0.55	24,124,290
2009	4,685,054,694	46,242,473	4,731,297,167	0.55	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

**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<sup>1</sup></u>			<u>Total Town &amp; Overlapping Rates</u>
			<u>Town of Mooresville Downtown District</u>	<u>Iredell County</u>	<u>Mooresville Graded School District</u>	
2004	2003	0.48	0.16	0.435	0.135	1.21
2005	2004	0.49	0.16	0.435	0.135	1.22
2006	2005	0.55	0.16	0.465	0.135	1.31
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

<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, 2013**

Assessed valuation:	
Assessment ratio <sup>1</sup>	100.00%
Real property	\$ 5,163,347,004
Public service companies <sup>2</sup>	<u>49,851,054</u>
Total assessed valuation	5,213,198,058
Tax rate per \$100	<u>0.58</u>
Levy (includes discoveries, releases, penalties and abatements)	<u><u>\$ 30,273,297</u></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 NINE YEARS AGO**

<b>Taxpayer</b>	<b>Type of Enterprise</b>
Lowe's Company, Inc.	Home Improvement Retailer
NGK Ceramics USA, Inc.	Ceramic Automobile Parts Manufacturer
Lake Norman Regional Medical Center	Hospital and Medical Offices
Cardinal FG	Flat Glass Manufacturer
Buffalo-Mooresville, LLC	Land Development
Pactiv Corporation (formerly WinCup)	Disposable Food Service Products
Penske Racing, Inc.	Motorsports Related Company
PGI Non-Wovens	Polypropylene Non-Wovens Manufacturer
DDTRC Winslow Bay Commons	Land Development
Faison-Waterlynn, LLC	Land Development
Morrison Plantation, LLC	Land Development
RockTenn (formerly Southern Container Corporation)	Corrugated Boxes
Glencoe Bluefield Associates	Land Development
Total	

Source: Iredell County Tax Assessor

TABLE 11

2013			2004		
Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
\$ 313,170,827	1	6.01%	\$ 99,200,582	1	3.73%
104,029,414	2	2.00%	61,658,467	3	2.32%
68,821,703	3	1.32%	57,194,676	4	2.15%
46,667,215	4	0.90%	72,261,106	2	2.72%
43,605,080	5	0.84%	36,598,850	6	1.38%
43,605,080	5	0.84%	27,280,214	7	1.03%
35,710,320	7	0.68%			
33,602,322	8	0.64%	21,147,690	9	0.80%
31,460,350	9	0.60%			
29,564,720	10	0.57%			
			39,843,710	5	1.50%
			25,149,042	8	0.95%
			20,709,550	10	0.78%
<u>\$ 750,237,031</u>		<u>14.39%</u>	<u>\$ 461,043,887</u>		<u>17.34%</u>

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

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>	
			<b>Amount</b>	<b>Percentage of Levy</b>
2004	2003	\$ 12,030,253	\$ 11,528,897	95.83%
2005	2004	13,959,175	13,602,327	97.44%
2006	2005	15,731,163	15,315,490	97.36%
2007	2006	19,584,160	18,759,184	95.79%
2008	2007	24,124,290	23,405,517	97.02%
2009	2008	27,640,462	26,608,111	96.27%
2010	2009	29,268,735	27,901,315	95.33%
2011	2010	29,909,020	28,674,844	95.87%
2012	2011	29,086,412	27,966,728	96.15%
2013	2012	30,273,297	29,320,767	96.85%

**TABLE 12**

	<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>
\$	459,552	\$ 11,988,449	99.65%
	313,524	13,915,851	99.69%
	364,965	15,680,455	99.68%
	507,825	19,267,009	98.38%
	629,281	24,034,798	99.63%
	916,823	27,524,934	99.58%
	1,165,806	29,067,121	99.31%
	852,002	29,526,846	98.72%
	552,882	28,519,610	98.05%
	-	29,320,767	96.85%

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>General Obligation Bonds</b>
	<b>Installment Financing</b>	<b>Certificates of Participation</b>	
2004	\$ 3,664,957	\$ 18,535,000	\$ -
2005	4,629,747	17,135,000	-
2006	4,001,591	15,225,000	-
2007	8,231,483	13,315,000	-
2008	5,657,225	92,315,000	17,500,000
2009	16,559,123	91,315,000	33,000,000
2010	25,212,813	90,750,000	30,475,000
2011	25,348,700	88,280,000	28,825,000
2012	23,165,436	85,715,000	27,175,000
2013	20,981,271	83,025,000	25,525,000

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 2013

<sup>3</sup> See Table 16 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

TABLE 13

<b>Business-type Activities<sup>1</sup></b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>2</sup></b>	<b>Per Capita<sup>3</sup></b>
<b>Installment Financing</b>	<b>Revenue Bonds</b>	<b>State Revolving Loan</b>			
\$ 1,360,000	\$ 22,285,000	\$ -	\$ 45,844,957	7.57%	\$ 2,214
1,275,000	64,705,000	-	87,744,747	13.46%	4,004
1,190,000	63,700,000	-	84,116,591	11.69%	3,637
2,081,250	61,510,000	-	85,137,733	10.07%	3,190
1,996,250	59,310,000	-	176,778,475	19.44%	6,399
1,873,702	57,045,000	-	199,792,825	19.54%	6,589
1,713,605	80,215,000	-	228,366,418	23.51%	7,415
765,000	77,130,000	11,006,604	231,355,304	22.14%	7,043
680,000	72,365,000	11,036,471	220,136,907	19.65%	6,593
595,000	69,075,000	10,558,932	209,760,203	-	6,132

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

<b>Fiscal Year <sup>1</sup></b>	<b>Governmental Activities General Obligation Bonds</b>	<b>Percentage Of Assessed Value</b>	<b>Per Capita</b>
2008	\$ 17,500,000	0.40%	\$ 633
2009	33,000,000	0.70%	1,088
2010	30,475,000	0.61%	990
2011	28,825,000	0.56%	878
2012	27,175,000	0.54%	814
2013	25,525,000	0.49%	746

<sup>1</sup> Fiscal year 2008 was the first year that the Town issued General Obligation Bonds.



**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>
2004	212,746,758	22,199,957	190,546,801	89.57%
2005	223,898,816	21,764,747	202,134,069	90.28%
2006	233,814,136	19,226,591	214,587,545	91.78%
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%

Legal debt margin calculation for fiscal year 2013:

Assessed valuation	\$ 5,120,372,733	
	<u>8.00%</u>	
Debt limit - 8.0% of assessed value		\$ 409,629,819
Total amount of debt applicable to debt limit (net debt)		<u>129,531,271</u>
Legal debt margin		<u>\$ 280,098,548</u>

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

<b>Fiscal Year</b>	<b>Gross Revenues <sup>1</sup></b>	<b>Operating Expenses <sup>2</sup></b>	<b>Net Revenue Available for Debt Service</b>
2004	\$ 8,825,394	\$ 4,852,973	\$ 3,972,421
2005	13,032,606	7,584,888	5,447,718
2006	15,923,420	5,558,920	10,364,500
2007	15,923,420	5,765,112	10,158,308
2008	16,878,577	8,464,267	8,414,310
2009	17,066,029	8,410,663	8,655,366
2010	18,406,511	7,642,027	10,764,484
2011	20,533,107	8,142,366	12,390,741
2012	21,311,610	8,045,971	13,265,639
2013	21,845,434	9,936,910	11,908,524

<sup>1</sup> Total revenues (including investment earnings).

<sup>2</sup> Total operating expenses exclusive of depreciation.

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

<b>Debt Service Requirements<sup>3</sup></b>			
<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
\$ 880,000	\$ 864,128	\$ 1,744,128	2.28
995,000	1,841,975	2,836,975	1.92
1,005,000	2,844,811	3,849,811	2.69
2,190,000	2,799,586	4,989,586	2.04
2,200,000	2,723,886	4,923,886	1.71
2,265,000	2,665,161	4,930,161	1.76
2,315,000	2,577,211	4,892,211	2.20
3,085,000	3,868,344	6,953,344	1.78
3,175,000	3,709,867	6,884,867	1.93
3,290,000	3,246,918	6,536,918	1.82

**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>
2004	2003	20,711	\$ 605,486,085
2005	2004	21,914	651,788,102
2006	2005	23,125	719,372,500
2007	2006	26,689	845,053,807
2008	2007	27,628	909,569,016
2009	2008	30,324	1,022,313,012
2010	2009	30,797	971,306,583
2011	2010	32,848	1,044,894,880
2012	2011	33,387	1,120,334,172
2013	2012	34,209	-

<sup>1</sup> Fiscal year 2013/calendar year 2012 is a projection of the North Carolina Office of State Budget and Management as of July 1, 2012.

<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 2012/2013 as of June 30, 2013.

<sup>3</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 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.

TABLE 17

	<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>
\$	29,235	6.5%	3,581	\$ 141,214
	29,743	5.4%	3,737	200,650
	31,108	5.0%	3,793	269,550
	31,663	4.4%	3,635	85,250
	32,922	4.6%	3,521	71,750
	33,713	6.4%	2,604	412,827
	31,539	12.2%	2,251	112,200
	31,810	11.6%	1,792	187,200
	33,556	10.1%	1,557	166,703
	-	9.2%	1,840	624,250

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

<u>Company or Institution</u>	<u>Service or Product</u>
<b>Manufacturing:</b>	
NGK Ceramics USA, Inc.	Ceramic Automobile Parts
BestSweet, Inc.	Candy
Pactiv Corporation (formerly WinCup)	Disposable Food Service Products
Carolina Beverage Group	Brewery
PGI Non-Wovens	Polypropylene Non-Wovens
Cardinal FG	Flat Glass
Service Partners, Inc.	Gas Logs, Ceiling Tiles, Insulation
RockTenn (formerly Southern Container Corporation)	Corrugated Boxes
L.B. Plastics, Inc.	PVC Profile Extrusions
Custom Products, Inc.	Airline Seats & Cushions
General Microcircuits, Inc.	Computer Board Assembly
 <b>Non-Manufacturing:</b>	
Lowe's Companies, Inc.	Home Improvement Retailer
Lake Norman Regional Medical Center	Hospital and Medical Offices
Wal-Mart SuperCenter	Retail Store
Town of Mooresville	Local Government
Mooresville Graded School District	Local School System
SuperTarget	Retail Store
Penske Racing, Inc.	Motorsports Related Company
Overcash Electric, Inc.	Electrical Contracting
NASCAR Technical Institute	Automotive Repair Technical School
Kohl's Department Store	Retail Store
Dale Earnhardt, Inc.	Corporate Headquarters - Racing
Brian Center Health & Retirement	Intermediate Care and Nursing Home

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

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

TABLE 18

2013			2004		
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>
650	1	0.86%	385	1	0.57%
300	2	0.40%	166	5	0.25%
257	3	0.34%	300	2	0.45%
268	4	0.35%			
170	5	0.22%	210	4	0.31%
150	6	0.20%	230	3	0.34%
150	6	0.20%	150	7	0.22%
150	6	0.20%	150	7	0.22%
145	9	0.19%	145	9	0.22%
143	10	0.19%	143	10	0.21%
			153	6	0.23%
<u>2,383</u>		<u>3.15%</u>	<u>2,032</u>		<u>3.02%</u>
3,000	1	3.96%	1,525	1	2.27%
930	2	1.23%	930	2	1.38%
500	3	0.66%	500	3	0.74%
487	4	0.64%	250	7	0.37%
465	5	0.61%	465	4	0.69%
350	6	0.46%	350	5	0.52%
350	6	0.46%			
175	8	0.23%	175	8	0.26%
150	9	0.20%	150	9	0.22%
150	9	0.20%			
			300	6	0.45%
			130	10	0.19%
<u>6,557</u>		<u>8.66%</u>	<u>4,775</u>		<u>7.10%</u>

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

Function	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	33	38	41	60
Public safety	103	121	121	127
Transportation	22	25	25	23
Environmental protection	17	19	19	17
Cultural	39	56	56	48
Water/sewer administration	25	25	27	28
Water treatment	8	8	8	8
Wastewater treatment	13	13	13	13
Total	260	305	310	324

Source: Fiscal Year 2013 Town of Mooresville Approved Budget Report.



**TABLE 19**

<b>Fiscal Year</b>					
<u><b>2008</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2011</b></u>	<u><b>2012</b></u>	<u><b>2013</b></u>
69	72	72	73	68	70
153	160	162	162	169	173
26	26	26	26	27	29
20	20	20	20	22	22
50	50	50	52	46	52
26	27	29	29	29	29
12	12	12	12	12	12
13	16	18	18	18	18
369	383	389	392	391	405

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

Function	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety				
Police				
Physical arrests	1,817	1,749	1,607	1,382
Parking violations <sup>1</sup>	-	-	-	-
Citations written	4,941	5,914	6,019	6,332
Fire <sup>2</sup>				
Number of calls answered	1,255	1,244	1,978	2,756
Inspections	781	675	570	1,129
Streets				
Street resurfacing (miles)	3	3	1	1
Sanitation				
Refuse collected (tons/day)	47	52	56	60
Yard debris collected (tons/day) <sup>3</sup>	-	-	-	-
Recyclables collected (tons/day) <sup>4</sup>	-	-	-	-
Recreation				
Winnie L. Hooper facility rentals <sup>5</sup>	-	-	33	36
Charles Mack Citizen Center facility rentals <sup>6</sup>	-	-	-	-
Golf Course rounds of golf	36,438	37,359	37,448	40,948
Water				
Water main breaks <sup>7</sup>	-	-	-	-
Average daily production (thousands of gallons)	4,473	4,152	3,856	4,248
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,638	2,661	2,891	2,869

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> Data for the Fire Department is kept on a calendar year basis. Therefore, data for fiscal year 2013 is not available.

<sup>3</sup> Recorded data for yard debris is only available for fiscal year 2010 to date.

<sup>4</sup> The Town's recycling program began during November 2011.

<sup>5</sup> Recorded data for facility rentals at the WLHC is only available for fiscal year 2006 to date.

<sup>6</sup> Recorded data for facility rentals at the CMCC is only available for fiscal year 2008 to date.

<sup>7</sup> Recorded data for water main breaks is only available for calendar year 2008 to 2012. Also, because data is kept on a calendar year basis, figures for 2013 is not available.

TABLE 20

<b>Fiscal Year</b>					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1,459	1,617	2,111	1,882	1,907	1,867
83	150	65	107	181	93
6,673	8,060	8,804	7,300	8,539	7,748
3,120	2,846	2,712	3,397	3,004	-
813	1,922	1,994	2,186	4,063	-
3	2	2	2	2	2
61	60	58	54	51	49
-	-	21	23	31	35
-	-	-	-	9	9
35	32	35	53	68	41
1,068	953	1,037	1,153	1,186	1,285
42,959	39,557	36,554	36,042	34,197	32,571
94	128	143	121	76	-
3,929	3,803	4,065	4,255	4,466	4,703
2,974	3,211	3,174	3,285	3,394	3,500

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

Function	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety				
Police				
Stations	1	1	1	1
Patrol units	39	40	44	45
Fire				
Stations	2	2	3	4
Fire trucks	6	6	7	8
Highways and streets				
Streets (miles)	106	103	103	105
Traffic signals	14	14	14	14
Cultural and recreation				
Parks and golf courses acreage	276.52	286.52	286.52	286.52
Parks	10	11	11	11
Swimming pools	1	1	1	1
Tennis courts	7	7	7	7
Recreation centers	2	2	2	2
Citizen's centers	1	1	1	1
Libraries	1	1	1	1
Golf courses	1	1	1	1
Water				
Water mains (miles)	-	-	-	-
Fire hydrants	1,296	1,393	1,403	1,438
Maximum daily usage (thousands of gallons)	4,442	3,890	3,861	4,261
Maximum daily capacity (thousands of gallons)	6,200	6,200	6,200	6,200
Sewer				
Sanitary sewers (miles)	-	-	-	-
Maximum daily treatment capacity (thousands of gallons)	5,200	5,200	5,200	5,200

Source: Various town departments.

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

TABLE 21

Fiscal Year						
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
1	1	1	1	1	1	1
49	50	57	56	67	61	
4	4	4	4	4	5	
8	8	8	8	8	10	
107	119	122	122	122	132	
14	13	13	13	13	13	
287.52	287.52	287.52	287.52	537.48	537.48	
12	13	13	13	15	15	
1	1	1	1	1	1	
9	9	9	9	15	15	
2	2	2	2	4	4	
1	1	1	1	1	1	
1	1	1	1	1	1	
1	1	1	1	1	1	
240	242	246	270	272	283	
1,503	1,565	1,639	1,739	1,808	1,847	
3,941	3,806	4,080	6,133	6,306	6,887	
6,200	6,200	18,000	18,000	18,000	18,000	
239	243	245	247	248	292	
5,200	5,200	5,200	5,500	7,500	7,500	





# 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 unit, 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, 2013, which collectively comprises the Town of Mooresville's basic financial statements, and have issued our report thereon dated October 31, 2013. 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, as described in our report on the Town of Mooresville's financial statements. 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 Town of Mooresville ABC Board 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.

### 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, compliance, 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 31, 2013  
Mooresville, North Carolina

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; IN ACCORDANCE WITH OMB CIRCULAR A-133; AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

**Independent Auditor's Report**

The Honorable Mayor, Town Council and  
the Town Manager  
Mooresville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Mooresville, North Carolina compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mooresville's major federal programs for the year ended June 30, 2013. The Town of Mooresville's major federal 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 each of its major federal programs.

Auditor Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Mooresville's federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Mooresville's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, the Town of Mooresville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### 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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Potter & Company, P.A.*

October 31, 2013  
Mooresville, North Carolina

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
IN ACCORDANCE WITH OMB CIRCULAR A-133;  
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, 2013. 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 OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB A-133, and the 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, 2013.

## 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Potter & Company, P.A.*

October 31, 2013  
Mooresville, North Carolina

**TOWN OF MOORESVILLE, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2013**

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

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Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted. \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major federal programs:

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

Noncompliance material to federal awards. \_\_\_\_\_ yes  X  no

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133. \_\_\_\_\_ yes  X  no

Identification of major federal programs:

CFDA Numbers  
20.205.7

Names of Federal Programs or Cluster  
Safe Routes to Schools Program (SRTS)

Dollar threshold used to distinguish between Type A and Type B Programs.  \$300,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**TOWN OF MOORESVILLE, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2013**

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: Unqualified

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

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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, 2013**

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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, 2013**

None

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2013**

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	14.246	N/A	\$ -	\$ -
US Department of Transportation				
Passed through NC Department of Transportation:				
Safe Routes to Schools Program (SRSP)	20.205.7	40924.3.35	156,197	-
Highway Planning Research and Construction	20.205.1	45311.3.1	62,806	-
Highway Planning Research and Construction	20.205.1	45150.3.1	59,396	-
US Department of Homeland Security				
FEMA-2008 SAFER Grant	97.083	EMW-2008-FF-00658	26,272	-
FEMA-2011 SAFER Grant	97.044	EMW-2011-FH-00397	122,435	-
FEMA-2011 Fire Prevention Grant	97.044	EMW-2011-FP-00513	24,435	-
US Department of Justice				
2009 Recovery Act JAG Program	16.804	2009-SB-B9-3228	35,157	-
Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-0074	125,000	-
Total Assistance - Federal Programs			<u>611,698</u>	<u>-</u>
State Grants:				
Cash Assistance:				
NC Department of Transportation:				
Powell Bill	N/A	DOT -4 32570	-	880,218
NC Department of Commerce:				
One NC Fund	N/A	O-2010-6957	-	200,000
NC Department of Cultural Resources				
State Aid to Libraries	N/A	N/A	-	21,613
Total Assistance - State Programs			<u>-</u>	<u>1,101,831</u>
Total Assistance			<u>\$ 611,698</u>	<u>\$ 1,101,831</u>

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For The Fiscal Year Ended June 30, 2013**

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

1. The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Town of Mooresville and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.