

Financial Statements for the Town of Mount Pleasant in North Carolina

**For the Fiscal Year Ended
June 30, 2019**

Town Board of Commissioners:

W. Del Eudy, Mayor
Lori Furr, Mayor Pro Tem
Steve Ashby
William Meadows
Jim Sells
Justin Simpson

Administrative and Financial Staff:

Terry R. Holloway, Town Manager
Crystal Smith, Assistant Town Manager
Amy Schueneman, Finance Officer, Town Clerk

SHERRILL & SMITH

Certified Public Accountants
A Professional Association
Salisbury, North Carolina

**TOWN OF MOUNT PLEASANT
NORTH CAROLINA
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June 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Board of Commissioners
Town of Mount Pleasant, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Mount Pleasant, North Carolina as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises 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 an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Town of Mount Pleasant ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those financial 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 Town of Mount Pleasant 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 13, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on pages 50, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset on page 48 and Contributions on page 49, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Mount Pleasant, North Carolina. The introductory information, individual fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules and other schedules, are the responsibility of management and were derived from and relates 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 the combining and individual fund financial statements, budgetary schedules and other schedules, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory information has 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 assurance on it.

Sherrill & Smith, CPAs, PA

Salisbury, North Carolina

November 21, 2019

Management's Discussion and Analysis

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

Economic Factors and FY 2019-2020 Budgets and Rates

In coming years, the economy of the Town of Mount Pleasant will experience many changes. The following key economic indicators reflect an increase in properties:

- A small nine-lot subdivision, called "Neuenburg," was approved and will begin construction in the near future.
- A sixteen-unit townhome development on South Skyland Drive was approved and will begin construction in the near future.
- We welcomed a new restaurant, Cantina 73, with mixed-beverage sales.
- Revitalization of a historic building began and will be finalized and open in the Fall of 2019.
- Sale of former Mount Pleasant Middle School site was added to the Cabarrus County tax scroll showing a significant increase in tax base. In addition, this property will be developed as a future mixed-use site.

The following factors will help the town become more economically viable in coming years.

- Replacing our Main Street water line will increase water flow in our center-city where revitalization is occurring. Replacement of this line will also bring much needed water pressure to a mixed-use property currently in the planning stages.
- We are exploring funding options to possibly add another regional sewer pump station in the proximity of Hwy 49 and Hwy 73. This pump station will add significant sewer availability to this growth corridor and relieve current capacity issues with the Summer Street sewer pump station.

Town Highlights for FY 2018-2019

- The Town will again partner with the North Carolina State Health Plan for health insurance. Although it is a significant expense, the cost of health care is stable at an estimated \$600 per full time employee per month.
- We continue to contract the Town's solid waste services along with recycle services. We did see a small increase in this cost for FY 2018-2019; however, it is still a cost savings for the Town.

Management Discussion and Analysis

Town of Mount Pleasant

- We implemented a Facade Improvement Program that was included in our recently approved Comprehensive Plan. As center-city revitalization is occurring, several merchants have applied for this program.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Mount Pleasant exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,288,046 (***net position***).
- The government's total net position *increased* by \$439,128.
- As of the close of the current fiscal year, the Town of Mount Pleasant's governmental funds reported combined ending fund balances of \$2,099,894 an *increase* of \$350,913 in comparison with the prior year. Approximately 72% of this total amount, or \$1,509,091, is available for spending at the government's discretion (***unreserved and unassigned fund balance***).
- At the end of the current fiscal year, unreserved and unassigned fund balance for the General Fund was \$1,509,091 or 101% of total general fund expenditures for the fiscal year.
- The Town of Mount Pleasant's total debt *decreased* by \$204,977 (16%) during the current fiscal year.

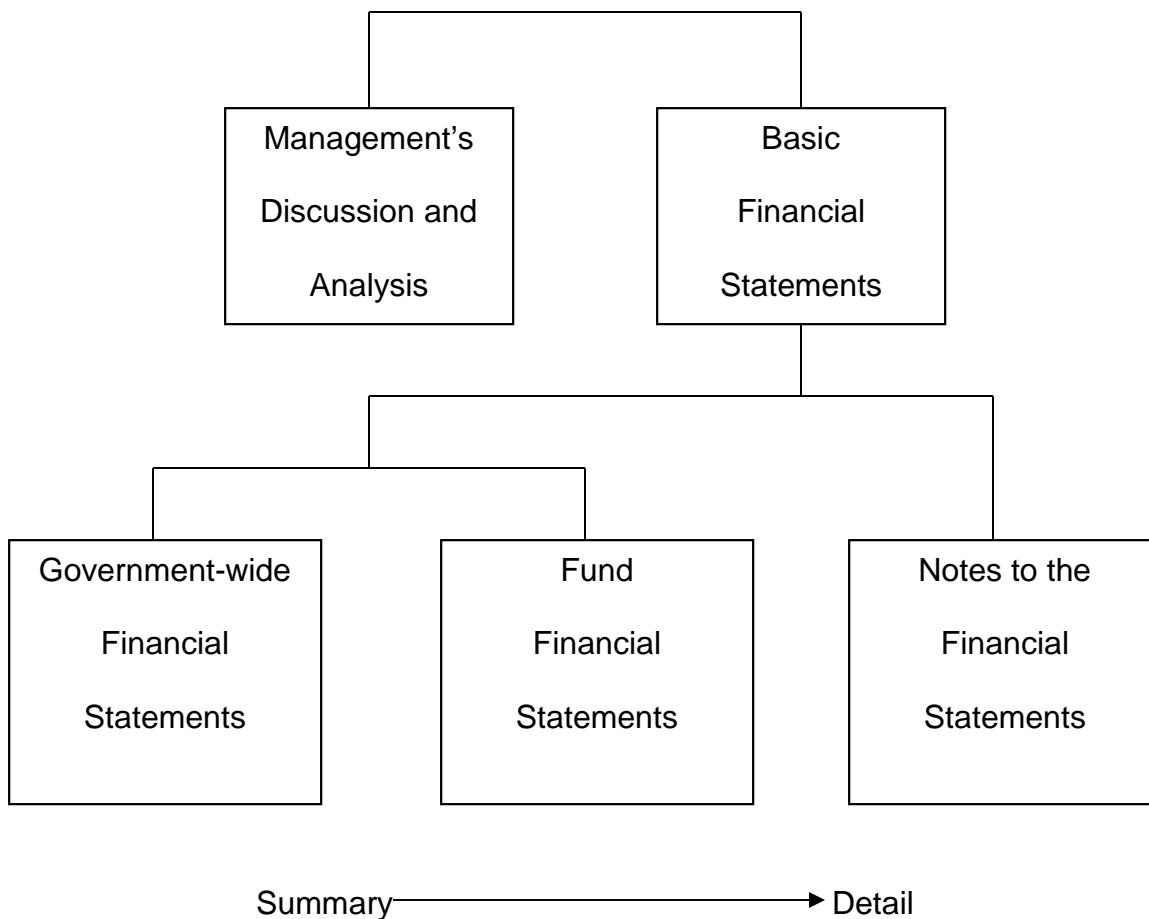
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Mount Pleasant'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 Mount Pleasant.

Management Discussion and Analysis
Town of Mount Pleasant

Required Components of 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 8) 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.

Management Discussion and Analysis **Town of Mount Pleasant**

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 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 and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town. The final category is the component unit. Although legally separate from the Town of Mount Pleasant, the Town of Mount Pleasant ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town of Mount Pleasant.

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

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Mount Pleasant, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Management Discussion and Analysis
Town of Mount Pleasant

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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Mount Pleasant adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Town of Mount Pleasant has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Mount Pleasant uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Management Discussion and Analysis
Town of Mount Pleasant

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 **25-44** of this report.

Government-Wide Financial Analysis
The Town of Mount Pleasant's Net Position
Figure 2

	Activities		Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 2,181,702	\$ 1,884,626	\$ 942,735	\$ 820,675	\$ 3,124,437	\$ 2,705,301
Capital assets	2,887,418	3,041,858	3,425,203	3,526,978	6,312,621	6,568,836
Deferred outflows of resources	70,316	36,472	86,489	57,966	156,805	94,438
Non-current assets	-	-	-	-	-	-
Total assets and deferred outflows of resources	5,139,436	4,962,956	4,454,427	4,405,619	9,593,863	9,368,575
Long-term liabilities outstanding	293,324	284,732	676,099	753,616	969,423	1,038,348
Non-current liabilities	50,310	25,252	155,390	40,135	205,700	65,387
Other liabilities	44,181	136,896	84,255	273,415	128,436	410,311
Deferred inflows of resources	977	2,167	1,281	3,444	2,258	5,611
Total liabilities and deferred inflows of resources	388,792	449,047	917,025	1,070,610	1,305,817	1,519,657
Net position:						
Net investment in capital assets	2,620,904	2,725,764	2,671,587	2,617,972	5,292,491	5,343,736
Restricted	372,776	345,084	-	-	372,776	345,084
Unrestricted	1,756,964	1,443,061	865,815	717,037	2,622,779	2,160,098
Total net position	\$ 4,750,644	\$ 4,513,909	\$ 3,537,402	\$ 3,335,009	\$ 8,288,046	\$ 7,848,918

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Mount Pleasant exceeded liabilities and deferred inflows by \$8,288,049 as of June 30, 2019. The Town of Mount Pleasant net position *increased* by \$439,128 for the fiscal year ended June 30, 2019. However, the largest portion (64%) 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 Mount Pleasant uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mount Pleasant'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 Mount Pleasant's net position, \$368,376 (4%), represents resources that are subject to external restrictions on how they may be used. The Town Board of Commissioners has assigned \$4,400 of net position to provide for future retiree health insurance liability (OPEB). The remaining balance of \$2,622,779 (32%) is unrestricted.

Management Discussion and Analysis
Town of Mount Pleasant

**Town of Mount Pleasant's Changes in Net Position
Figure 3**

	Governmental Activities		Governmental Activities		Business Type Activities		Business Type Activities		Total	Total
	2019	2018	2019	2018	2019	2018	2019	2018		
Revenues:										
Program revenues:										
Charges for services	\$ 30,482	\$ 30,699	\$ 1,141,247	\$ 1,071,032	\$ 1,171,729	\$ 1,101,731				
Operating grants and contribution:	596,231	1,102,032	-	-	596,231	1,102,032				
General revenues:										
Property taxes	755,467	746,668	-	-	755,467	746,668				
Other taxes	-	-	-	-	-	-				
Grants and contributions not restricted to specific programs	404,288	366,337	-	-	404,288	366,337				
Other	50,761	96,584	11,966	501	62,727	97,085				
Total revenues	1,837,229	2,342,320	1,153,213	1,071,533	2,990,442	3,413,853				
Expenses:										
General government	437,819	444,638	-	-	437,819	444,638				
Public safety	702,966	1,270,412	-	-	702,966	1,270,412				
Public works	384,475	408,239	-	-	384,475	408,239				
Culture and recreational	67,119	53,586	-	-	67,119	53,586				
Interest on long-term debt	8,115	9,445	-	-	8,115	9,445				
Water and sewer	-	-	950,820	1,203,830	950,820	1,203,830				
Total expenses	1,600,494	2,186,320	950,820	1,203,830	2,551,314	3,390,150				
Change in net position before special item	236,735	156,000	202,393	(132,297)	439,128	23,703				
Special item-loss on sale of real estate	-	(117,474)	-	-	-	(117,474)				
Change in net position	236,735	38,526	202,393	(132,297)	439,128	(93,771)				
Net position, beginning	4,513,909	4,475,383	3,335,009	3,467,306	7,848,918	7,942,689				
Net position, June 30	\$ 4,750,644	\$ 4,513,909	\$ 3,537,402	\$ 3,335,009	\$ 8,288,046	\$ 7,848,918				

Governmental activities: Governmental activities *increased* the Town of Mount Pleasant's net position by \$236,735. Conservative budgeting and cost control were key in achieving this increase.

Business-type activities: Business-type activities *increased* the Town of Mount Pleasant's net position by \$202,393. Less required repairs to the water treatment plant as compared to the prior year along with cost control helped achieve this increase.

Management Discussion and Analysis
Town of Mount Pleasant

Financial Analysis of the Town of Mount Pleasant Funds

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

Governmental Funds. The focus of the Town of Mount Pleasant'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'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.

The general fund is the chief operating fund of the Town of Mount Pleasant. At the end of the current fiscal year, unreserved / unassigned fund balance of the General Fund was \$1,509,091, while total fund balance reached \$1,816,013. The Town Council of the Town of Mount Pleasant has determined that the Town should maintain an available fund balance of 42% of budgeted expenditures in case of unforeseen needs or opportunities. The Town currently has an available fund balance of 45% of general fund expenditures, while total fund balance represents 101% of total General Fund expenditures.

At June 30, 2019, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$2,099,894, a net increase in fund balance of \$350,913. Included in this change in fund balance are decreases in fund balance in the General Fund and an increase of \$56,496 in the Capital Reserve Funds.

General Fund Budgetary Highlights: During the fiscal year, the Town of Mount Pleasant 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.

Actual revenues exceeded budget amounts. Many revenues are directly influenced by economic factors. By budgeting revenues conservatively, the town is less susceptible to economic downturns that may occur throughout the year.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer District at the end of the fiscal year amounted to \$881,901. The total increase in net assets for the fund was \$202,393.

Management Discussion and Analysis
Town of Mount Pleasant

Capital Asset and Debt Administration

Capital assets. The Town of Mount Pleasant's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$6,312,621 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Capital asset transactions during the year include the following:

- Continued to refine the capital project to renovate and expand the Fire Department building to provide for more efficient utilization of the Town's resources and enhanced fire protection. Project was put on a temporary hold in November 2018.

Town of Mount Pleasant's Capital Assets

Figure 3

(net of depreciation)

	Governmental Activities		Governmental Activities		Business-type Activities		Business-type Activities		Total 2019	Total 2018
	2019	2018	2018	2019	2018	2018	2019	2018		
Land Construction in progress	\$ 237,842	\$ 237,842	\$ 237,842	\$ -	\$ -	\$ -	\$ 237,842	\$ 237,842		
	125,125	124,076		-		-	125,125	124,076		
Land improvements	388,998	402,412		-		-	388,998	402,412		
Buildings and systems	1,041,544	1,085,034		3,322,861		3,409,103		4,364,405		4,494,137
Machinery and equipment	162,154	147,245		90,488		101,279		252,642		248,524
Infrastructure	167,759	176,464		-		-	167,759	176,464		
Vehicles and motorized equipment	763,996	868,785		11,854		16,596		775,850		885,381
Total	\$ 2,887,418	\$ 3,041,858		\$ 3,425,203		\$ 3,526,978		\$ 6,312,621		\$ 6,568,836

Additional information on the Town of Mount Pleasant capital assets can be found in note III. A.3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, the Town of Mount Pleasant had total debt outstanding of \$1,020,129. All of this debt is in the form of installment purchases, in which the item purchase serves as collateral for the debt.

Management Discussion and Analysis
Town of Mount Pleasant

Town of Mount Pleasant's Long-Term Liabilities
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment Purchases	\$ 266,513	\$ 316,094	\$ 753,616	\$ 909,006	\$ 1,020,129	\$ 1,225,100
Compensated Absences	17,112	18,218	16,086	14,266	33,198	32,484
Net Pension Liability	47,103	25,252	61,787	40,135	108,890	65,387
Net OPEB Liability	12,906	-	-	-	12,906	-
Total	\$ 343,634	\$ 359,564	\$ 831,489	\$ 963,407	\$ 1,175,123	\$ 1,322,971

The Town of Mount Pleasant's total debt decreased by \$204,971 (17%) during the past fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 % of the total assessed value of taxable property located within that government's boundaries. As of June 30, 2019, the legal debt margin for Town of Mount Pleasant is \$10,896,717.

Additional information regarding the Town of Mount Pleasant's long-term debt can be found in note III.B.4.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

- Tax rate will remain unchanged at \$0.505 per \$100
- Pay increase of 1.5% COLA for full-time employees
- Increase Town's 401K contribution rate 1% for a maximum rate of 5% for all full-time employees as future budgets will allow.
- Required 1.2% yearly increase in the base amount the Town pays into the Local Government Employment Retirement System (LGERS).
- Pay increase for Firefighters from \$11.00/hour to \$11.25/hour.
- Recommend to continue funding Future Retiree Insurance, \$2500 in the General Fund based on recent OPEB study.
- Continue Facade Improvement Grant Program \$10,000.
- Purchase of Brush Truck for Fire Department, \$60,000
- Rural Fire Tax rate increase of 1.5% (to generate an estimated \$60,000 per year)
- Annual payment for a new fire engine to be financed for a 10-15 year period.
- Purchase two Chief Officer vehicles

Management Discussion and Analysis

Town of Mount Pleasant

- Transfer \$110,000 for future Fire Station construction/renovation
- Purchase of new Leaf Machine \$30,000
- Replacement of Town Hall sewer line
- Replacement of Town's recycling cans, \$12,000
- Minor renovations in Building and Grounds, \$10,000

Business – type Activities:

- Board approved no increase in Water rates; however, the Board did approve a 12% increase in Sewer rates. The increase will be used to begin much needed repairs of relining manholes and replacing manhole covers.
- Established maintenance agreement with Utility Services for North Drive and Foil Street Water Tanks. Future revenues from placement of cell towers on the North Drive Tank will offset expenditures and tanks will be self-sustaining. The Town had an expenditure of \$360,000 three year ago for maintenance on tanks. The Town's estimated revenue from cell towers will be approximately \$21,000 per year per carrier.
- We continue to replace water meters at an annual cost of \$20,000 per year.

Requests for Information

This report is designed to provide an overview of the **Town of Mount Pleasant** 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 **Mrs. Amy Schueneman Town Clerk P. O. Box 787, 8590 Park Drive, Mount Pleasant, North Carolina 28120 (office) 704-436-2921 (fax) email mptownhall@windstream.net website www.townofmountpleasantnc.org.**

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

Exhibit 1

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,935,869	\$ 724,499	\$ 2,660,368	\$ 120,943
Taxes receivables (net)	16,483	-	16,483	-
Accrued interest receivable on taxes	3,384	-	3,384	-
Accounts receivable (net)	3,708	138,376	142,084	-
Internal balances	(3,908)	3,908	-	-
Due from other governments	140,511	-	140,511	-
Due from component unit	19,763	-	19,763	-
Inventories	-	-	-	105,820
Prepaid items	-	-	-	7,967
Restricted cash	65,892	75,952	141,844	-
Total current assets	2,181,702	942,735	3,124,437	234,730
Non-current assets				
Capital assets				
Land, non-depreciable improvements and construction in progress	362,967	-	362,967	-
Other capital assets net of depreciation	2,524,451	3,425,203	5,949,654	3,939
Total capital assets	2,887,418	3,425,203	6,312,621	3,939
Total assets	5,069,120	4,367,938	9,437,058	238,669
Deferred outflows of resources				
OPEB deferrals	4,382	-	4,382	-
Pension deferrals	65,934	86,489	152,423	16,723
Total deferred outflows of resources	70,316	86,489	156,805	16,723
Liabilities				
Current liabilities:				
Accounts payable & accrued liabilities	36,765	4,677	41,442	47,534
Advances from grantors	6,448	-	6,448	-
Accrued interest payable	968	3,626	4,594	-
Customer deposits	-	75,952	75,952	-
Due to primary government	-	-	-	19,763
Due to other governments	-	-	-	30,755
Current portion of long-term liabilities	50,310	155,390	205,700	-
Total current liabilities	94,491	239,645	334,136	98,052
Long-term liabilities:				
Due in more than one year	293,324	676,099	969,423	18,264
Total liabilities	387,815	915,744	1,303,559	116,316
Deferred inflows of resources				
Pension deferrals	977	1,281	2,258	1,140
Total deferred inflows of resources	977	1,281	2,258	1,140
Net position				
Net investment in capital assets	2,620,904	2,671,587	5,292,491	3,939
Restricted for:				
Capital projects	190,854	-	190,854	-
Stabilization by State Statute	144,219	-	144,219	-
Other functions	37,703	-	37,703	27,184
Unrestricted	1,756,964	865,815	2,622,779	106,813
Total net position	\$ 4,750,644	\$ 3,537,402	\$ 8,288,046	\$ 137,936

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Town of Mount Pleasant ABC Board	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Primary government:									
General government	\$ 437,819	\$ -	\$ -	\$ -	\$ (437,819)	\$ -	\$ (437,819)	\$ -	
Public safety	702,966	-	543,275	-	(159,691)	-	(159,691)	-	
Public works	384,475	30,482	52,956	-	(301,037)	-	(301,037)	-	
Cultural and recreational	67,119	-	-	-	(67,119)	-	(67,119)	-	
Interest on long-term debt	8,115	-	-	-	(8,115)	-	(8,115)	-	
Total governmental activities	1,600,494	30,482	596,231	-	(973,781)	-	(973,781)	-	
Business-type activities									
Water and sewer	950,820	1,141,247	-	-	-	190,427	190,427	-	
Total business-type activities	950,820	1,141,247	-	-	-	190,427	190,427	-	
Total primary government	2,551,314	1,171,729	596,231	-	(973,781)	190,427	(783,354)	-	
Component unit									
ABC Board	913,870	915,201	-	-	-	-	-	1,331	
Total component unit	\$ 913,870	\$ 915,201	\$ -	\$ -	-	-	-	1,331	
General Revenues:									
Taxes:									
Property taxes, levied for general purposes					755,467	-	755,467	-	
Grants and contributions not restricted to specific programs					404,288	-	404,288	-	
Unrestricted investment earnings					7,475	5,490	12,965	19	
Miscellaneous, unrestricted					39,166	-	39,166	578	
Gain on insurance recovery					4,120	6,476	10,596	-	
Total general revenues not including special items					1,210,516	11,966	1,222,482	597	
Special item-loss on sale of real estate					-	-	-	-	
Total general revenues					1,210,516	11,966	1,222,482	597	
Changes in net position					236,735	202,393	439,128	1,928	
Net position, beginning					4,513,909	3,335,009	7,848,918	136,008	
Net position, ending					\$ 4,750,644	\$ 3,537,402	\$ 8,288,046	\$ 137,936	

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

Exhibit 3

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,651,988	\$ 93,027	\$ 190,854	\$ 1,935,869
Restricted cash	65,892	-	-	65,892
Receivables (net)				
Property taxes	16,483	-	-	16,483
Accounts	3,708	-	-	3,708
Due from other government	140,511	-	-	140,511
Total assets	<u>1,878,582</u>	<u>93,027</u>	<u>190,854</u>	<u>2,162,463</u>
Liabilities and fund balances				
Liabilities				
Accounts payable and accrued liabilities	4,176	-	-	4,176
Custody account liability	32,589	-	-	32,589
Advances from grantors	6,448	-	-	6,448
Due to other funds	2,873	-	-	2,873
Total liabilities	<u>46,086</u>	<u>-</u>	<u>-</u>	<u>46,086</u>
Deferred inflows of resources				
Property taxes receivable	<u>16,483</u>	<u>-</u>	<u>-</u>	<u>16,483</u>
Total deferred inflows of resources	<u>16,483</u>	<u>-</u>	<u>-</u>	<u>16,483</u>
Fund balances				
Restricted				
Stabilization by State statute	144,219	-	-	144,219
Streets	33,303	-	-	33,303
Capital reserve	-	93,027	-	93,027
Capital project			190,854	190,854
Assigned				
Subsequent year's expenditures	125,000	-	-	125,000
Retiree health insurance	4,400	-	-	4,400
Unassigned	1,509,091	-	-	1,509,091
Total fund balances	<u>1,816,013</u>	<u>93,027</u>	<u>190,854</u>	<u>2,099,894</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,878,582</u>	<u>\$ 93,027</u>	<u>\$ 190,854</u>	<u>\$ 2,162,463</u>

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

Exhibit 3

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

Total fund balances governmental funds	\$ 2,099,894
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	
Gross capital assets at historical cost	\$ 5,705,796
Accumulated depreciation	<u>(2,818,378)</u>
	2,887,418
Effect of pension accruals on internal balances	
	(1,035)
Deferred outflows of resources related to OPEB are not reported in the funds	4,382
Deferred outflows of resources related to pensions are not reported in the funds	65,934
Other long-term assets (accrued interest receivable from taxes and due from other governments for ABC distributions) are not available to pay for current-period expenditures and, therefore, are deferred.	23,147
Liabilities for earned revenues considered deferred inflows of resources in fund statements	16,483
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	
Gross long-term debt beginning	(316,094)
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	49,581
Net pension liability	(47,103)
OPEB liability	<u>(12,906)</u>
	(326,522)
Deferred inflows of resources related to pensions	(977)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(17,112)
Accrued interest	<u>\$ (968)</u>
	(18,080)
Net position of governmental activities	<u>\$ 4,750,644</u>

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

Exhibit 4

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 761,197	-	-	\$ 761,197
Unrestricted intergovernmental	408,365	-	-	408,365
Sales, permits, and fees	30,483	-	-	30,483
Restricted intergovernmental	52,956	-	-	52,956
Restricted intergovernmental-public safety	543,274	-	-	543,274
Investment earnings	7,342	37	96	7,475
Other revenues	<u>37,344</u>	<u>-</u>	<u>-</u>	<u>37,344</u>
Total revenues	<u>1,840,961</u>	<u>37</u>	<u>96</u>	<u>1,841,094</u>
Expenditures:				
Current				
General government	397,900	-	-	397,900
Public safety	620,779	-	1,050	621,829
Public works	363,177	-	-	363,177
Cultural and recreational	55,335	-	-	55,335
Debt service				
Principal	49,529	-	-	49,529
Interest	<u>8,308</u>	<u>-</u>	<u>-</u>	<u>8,308</u>
Total expenditures	<u>1,495,028</u>	<u>-</u>	<u>1,050</u>	<u>1,496,078</u>
Revenues over (under) expenditures	<u>345,933</u>	<u>37</u>	<u>(954)</u>	<u>345,016</u>
Other financing sources (uses):				
Transfers to capital projects	(166,459)	56,459	110,000	-
Proceeds from sale of assets	1,777	-	-	1,777
Insurance recovery	<u>4,120</u>	<u>-</u>	<u>-</u>	<u>4,120</u>
Total other financing sources (uses)	<u>(160,562)</u>	<u>56,459</u>	<u>110,000</u>	<u>5,897</u>
Net change in fund balance	<u>185,371</u>	<u>56,496</u>	<u>109,046</u>	<u>350,913</u>
Fund balances, beginning	<u>1,630,642</u>	<u>36,531</u>	<u>81,808</u>	<u>1,748,981</u>
Fund balances, ending	<u>\$ 1,816,013</u>	<u>\$ 93,027</u>	<u>\$ 190,854</u>	<u>\$ 2,099,894</u>

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

Exhibit 4

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

Net changes in fund balances-total governmental funds	\$ 350,913
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 exceed capital outlays in the current period.	
Capital outlay expenditures which were capitalized	\$ 35,475
Depreciation expense	<u>(189,915)</u>
	(154,440)
OPEB benefit payments made in the current year not included on the Statement of Activities	
	4,382
Contributions to the pension plan in the current fiscal year not included on the Statement of Activities	29,462
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Amount of componet revenue measurable but not available	(4,026)
Change in unavailable revenues for tax revenues	<u>(5,731)</u>
	(9,757)
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments on long term debt	49,529
Decrease in accrued interest payable	<u>192</u>
	49,721
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported expenditures in governmental funds.	
Compensated absences	1,107
Pension expense	(21,747)
OPEB plan expense	<u>(12,906)</u>
	(33,546)
Total change in net position of governmental activities	<u>\$ 236,735</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 For the Year Ended June 30, 2019

Exhibit 5

	Budget		Variance with Final Budget Positive (Negative)	
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 732,000	\$ 732,000	\$ 761,197	\$ 29,197
Unrestricted intergovernmental	332,000	332,000	408,365	76,365
Sales, permits and fees	28,000	28,000	30,483	2,483
Restricted intergovernmental	51,000	51,000	52,956	1,956
Restricted intergovernmental -public safety	524,748	524,748	543,274	18,526
Investment earnings	3,000	3,000	7,342	4,342
Other revenues	35,900	45,900	37,344	(8,556)
 Total revenues	 1,706,648	 1,716,648	 1,840,961	 124,313
 Expenditures:				
Current				
General government	417,085	446,385	397,900	48,485
Public safety	818,575	670,193	620,779	49,414
Public works	375,895	392,295	363,177	29,118
Cultural and recreational	60,650	60,650	55,335	5,315
Debt service				
Principal	54,159	54,159	49,529	4,630
Interest	8,284	8,384	8,308	76
 Total expenditures	 1,734,648	 1,632,066	 1,495,028	 137,038
 Revenues over (under) expenditures	 (28,000)	 84,582	 345,933	 261,351
 Other financing sources (uses):				
Transfer to other funds	-	(166,459)	(166,459)	-
Transfer from proprietary fund	-	13,200	-	(13,200)
Proceeds from sale of assets	-	-	1,777	1,777
Insurance recovery	-	3,718	4,120	402
 Total other financing sources (uses)	 -	 (149,541)	 (160,562)	 (11,021)
 Fund balance appropriated	 28,000	 64,959	 -	 (64,959)
 Net change in fund balances	 \$ -	 \$ -	 185,371	 \$ 185,371
 Fund balances, beginning			 1,630,642	
 Fund balances, ending			 \$ 1,816,013	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2019

Exhibit 6

	<u>Water and Sewer Fund</u>	<u>Total Proprietary Funds</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 724,499	\$ 724,499
Accounts receivable (net)	138,376	138,376
Restricted cash	75,952	75,952
Due from other funds	<u>3,908</u>	<u>3,908</u>
Total current assets	<u>942,735</u>	<u>942,735</u>
Noncurrent assets		
Capital assets:		
Fixed assets (net)	<u>3,425,203</u>	<u>3,425,203</u>
Total noncurrent assets	<u>3,425,203</u>	<u>3,425,203</u>
Total assets	<u>4,367,938</u>	<u>4,367,938</u>
Deferred outflows of resources		
Pension deferrals	<u>86,489</u>	<u>86,489</u>
Total deferred outflows of resources	<u>86,489</u>	<u>86,489</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	8,303	8,303
Customer deposits	75,952	75,952
Notes payable-current	<u>155,390</u>	<u>155,390</u>
Total current liabilities	<u>239,645</u>	<u>239,645</u>
Noncurrent liabilities:		
Net pension liability	61,787	61,787
Compensated absences	16,086	-
Notes payable-noncurrent	<u>598,226</u>	<u>598,226</u>
Total noncurrent liabilities	<u>676,099</u>	<u>660,013</u>
Total liabilities	<u>915,744</u>	<u>899,658</u>
Deferred inflows of resources		
Pension deferrals	<u>1,281</u>	<u>1,281</u>
Total deferred outflows of resources	<u>1,281</u>	<u>1,281</u>
Net position		
Net investment in capital assets	2,671,587	2,671,587
Unrestricted	<u>865,815</u>	<u>865,815</u>
Total net position	<u>\$ 3,537,402</u>	<u>\$ 3,537,402</u>

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

Exhibit 7

	Water and Sewer Fund	Total Proprietary Funds
Operating revenues:		
Charges for services	\$ 1,085,598	\$ 1,085,598
Water and sewer taps	27,531	27,531
Other operating revenues	<u>28,118</u>	<u>28,118</u>
 Total operating revenues	 <u>1,141,247</u>	 <u>1,141,247</u>
Operating expenses:		
Billing and administration	180,231	180,231
Public works facility	21,944	21,944
Water distribution	112,837	112,837
Water treatment plant	225,800	225,800
Sewer collection	258,603	258,603
Depreciation	<u>127,742</u>	<u>127,742</u>
 Total operating expenses	 <u>927,157</u>	 <u>927,157</u>
 Operating income (loss)	 <u>214,090</u>	 <u>214,090</u>
 Nonoperating revenues (expenses):		
Investment earnings	5,490	5,490
Interest paid on long-term debt	<u>(23,663)</u>	<u>(23,663)</u>
 Net nonoperating revenues (expenses)	 <u>(18,173)</u>	 <u>(18,173)</u>
 Income (loss) before contributions and transfers	 195,917	 195,917
 Insurance recovery	 <u>6,476</u>	 <u>6,476</u>
 Change in net position	 202,393	 202,393
 Total net position, beginning	 <u>3,335,009</u>	 <u>3,335,009</u>
 Total net position, ending	 <u>\$ 3,537,402</u>	 <u>\$ 3,537,402</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2019

Exhibit 8

	Water and Sewer Fund	Total Proprietary Funds
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,136,549	\$ 1,136,549
Cash paid for goods and services	(540,312)	(540,312)
Cash paid to employees for services	(289,357)	(289,357)
Customer deposits received and returned	<u>4,299</u>	<u>4,299</u>
Net cash provided by (used in) operating activities	<u>311,179</u>	<u>311,179</u>
Cash flows from noncapital financing activities:		
Increase (decrease) in amounts due from General Fund	<u>(3,960)</u>	<u>(3,960)</u>
Net cash provided by (used in) capital and related financing activities	<u>(3,960)</u>	<u>(3,960)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(25,966)	(25,966)
Principal paid on debt	(155,390)	(155,390)
Interest paid on debt	(24,425)	(24,425)
Insurance recovery	<u>6,476</u>	<u>6,476</u>
Net cash provided by (used in) capital and related financing activities	<u>(199,305)</u>	<u>(199,305)</u>
Cash flows from investing activities:		
Interest on investments	<u>5,490</u>	<u>5,490</u>
Net increase (decrease) in cash and cash equivalents	113,404	113,404
Cash and cash equivalents at beginning of year	<u>687,047</u>	<u>687,047</u>
Cash and cash equivalents at end of year	<u>800,451</u>	<u>800,451</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	<u>214,090</u>	<u>214,090</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	127,742	127,742
Pension expense		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,697)	(4,697)
(Increase) decrease in deferred outflows of resources for pensions	(28,523)	(28,523)
Increase (decrease) in accounts payable and accrued liabilities	(23,042)	(23,042)
Increase (decrease) in customer deposits	4,299	4,299
Increase (decrease) in compensated absences	1,820	1,820
Increase (decrease) in net pension liability	21,653	21,653
Increase (decrease) in deferred inflows of resources for pensions	<u>(2,163)</u>	<u>(2,163)</u>
Total adjustments	<u>97,089</u>	<u>97,089</u>
Net cash provided by (used in) operating activities	<u>\$ 311,179</u>	<u>\$ 311,179</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Mount Pleasant 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 Mount Pleasant is a municipal corporation which is governed by an elected mayor and a five-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the Town 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.

Town of Mount Pleasant ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Mount Pleasant ABC Board, 8840 East Franklin, Mount Pleasant, NC 28124-1476.

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. 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 are generally 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. 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. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

B. Basis of Presentation - Fund Accounting-continued

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 valorum taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

Capital Project-Capital Reserve Fund- This fund is used to accumulate cash for future capital purchases.

Fire Department Facility-Capital Project Fund-This fund is used to account for renovation and expansion of the fire department building.

The Town reports the following enterprise funds:

Water and Sewer Fund- This fund is used to account for the Town's water and sewer operations.

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 and Proprietary Fund Financial Statements- The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town 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 nonoperating revenues and expenses.

Governmental Fund Financial Statements- Governmental funds are reported using the current financial resources management 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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

C. Measurement Focus and Basis of Accounting-continued

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013 State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Mount Pleasant because the tax is levied by Cabarrus County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues, which are unearned at year-end, are recorded as advances from grantors.

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 and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for Special Revenue Funds and Capital Projects Funds. At June 30, 2019, the Town had no Special Revenue Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual 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 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.

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 nonguaranteed 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 investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

2. Cash and Cash Equivalents

The Town and the ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Custody funds held for the benefit of the towns firemen within the Firemen's Relief fund (see section IV) are also classified as restricted cash.

<u>Restricted Cash</u>		
Governmental Activities		
General Fund	Streets	\$33,303
	Public safety	<u>32,589</u>
		<u>\$65,892</u>
Business –type Activities		
Water and Sewer Fund	Customer deposits	<u>\$75,952</u>
		<u>\$141,844</u>
Total Restricted Cash		

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, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventory

The inventories of the Town of Mount Pleasant ABC Board are valued at lower of cost (first-in, first-out) or market. The inventories of the ABC Board consist of materials for resale and supplies for use in operations. The cost of these inventories is recorded as an expense as the inventories are consumed.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019

7. Capital Assets-continued

Asset Class	Estimated Useful Lives
Infrastructure	30
Land improvements	30
Buildings	50
Improvements	25
Vehicles	6-20
Furniture and equipment	5-10
Computer equipment	3

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

<u>Useful Life</u>	
Furniture and Equipment	5 Years
Leasehold Improvements	5 Years

8. Deferred Outflows/Inflows of Resources

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

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, as well as issuance costs, 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 discounts. 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, the governmental fund type recognizes bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance 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 MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

10. Compensated Absences

The vacation policy of the Town provide for accumulation of earned vacation leave 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 within the next fiscal year has been designated as a current liability in the government-wide financial statements.

Both the Town and ABC Board's sick leave policies provide for the unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick 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 the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

11. Net Position/Fund Balances -continued

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Capital Reserve – Funds set aside in a capital reserve fund to be used only for capital purchases.

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

Assigned fund balance – portion of fund balance that Town of Mount Pleasant intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

The Town of Mount Pleasant has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: ABC profits, Sales Tax, and State and Federal grants, town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Mount Pleasant 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 42% (5 months) of budgeted expenditures. Any portion of the general fund balance in excess of 42% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Defined Benefit Cost-Sharing Plans

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

II. Stewardship, Compliance, and Accountability

- A. Material Violations of Finance-Related Legal and Contractual Provisions
 - 1. Noncompliance with North Carolina General Statutes: None
 - 2. Contractual Violations: None
- B. Deficit Fund Balance or Net Position of Individual Funds: None
- C. Excess of Expenditures over Appropriations: None

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

III. 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 unit's 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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$2,800,917 and a bank balance of \$2,882,884 of which \$289,083 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The ABC Board's deposits had a carrying amount of \$120,943 and a bank balance of \$130,434 all of which was covered by federal depository insurance.

2. Investments

At June 30, 2019 the Town of Mount Pleasant had \$1,295 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAA by Standard and Poor's. The Town has no policy regarding credit risk.

The ABC Board owned no investments at June 30, 2019.

3. Receivables-Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 is net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$795
Water and Sewer Fund	
Accounts receivable	36,618
Total	<u>\$37,413</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 237,842	\$ -	\$ -	\$ 237,842
Construction in progress	124,075	1,050	-	125,125
Total capital assets not being depreciated	<u>361,917</u>	<u>1,050</u>	<u>-</u>	<u>362,967</u>
Capital assets being depreciated:				
Buildings	1,708,263	-	-	1,708,263
Equipment	536,038	34,425	-	570,463
Land improvements	402,412	-	-	402,412
Vehicles and motorized equipment	2,411,061	-	10,527	2,400,534
Infrastructure	261,157	-	-	261,157
Total capital assets being depreciated	<u>5,318,931</u>	<u>34,425</u>	<u>10,527</u>	<u>5,342,829</u>
Less accumulated depreciation for:				
Buildings	623,229	43,490	-	666,719
Equipment	388,793	19,516	-	408,309
Land improvements	-	13,414	-	13,414
Vehicles and motorized equipment	1,542,276	104,789	10,527	1,636,538
Infrastructure	84,693	8,705	-	93,398
Total accumulated depreciation	<u>2,638,991</u>	<u>\$189,914</u>	<u>\$10,527</u>	<u>2,818,378</u>
Total capital assets being depreciated, net	<u>2,679,940</u>			<u>2,524,451</u>
Governmental activity capital assets, net	<u>\$3,041,858</u>			<u>\$2,887,418</u>
Depreciation expense was charged to functions of the primary government as follows:				
General government			\$ 36,691	
Cultural and recreational			11,783	
Environmental protection			10,241	
Public safety			108,681	
Public works			22,518	
Total depreciation expense			<u>\$189,914</u>	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

4. Capital Assets-continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Buildings	\$ 613,604	\$ -	\$ -	\$ 613,604
Equipment	157,625	5,327	-	162,952
Motor vehicles	38,451	-	-	38,451
Water system	2,208,079	20,640	-	2,228,719
Sewer system	2,408,757	-	-	2,408,757
Total capital assets being depreciated	<u>5,426,516</u>	<u>25,967</u>	-	<u>5,452,483</u>
Less accumulated depreciation for:				
Buildings	96,550	14,546	-	111,096
Equipment	56,346	16,118	-	72,464
Motor vehicles	21,855	4,742	-	26,597
Water system	981,457	44,160	-	1,025,617
Sewer system	743,330	48,176	-	791,506
Total accumulated depreciation	<u>1,899,538</u>	<u>\$ 127,742</u>	\$ -	<u>2,027,280</u>
Total capital assets being depreciated, net	<u>3,526,978</u>			<u>3,425,203</u>
Business-type activities capital assets, net	<u>\$3,526,978</u>			<u>\$3,425,203</u>

Discretely presented component unit

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and equipment	\$ 25,750	\$ 958	\$ -	\$ 26,708
Leasehold improvements	16,870	-	-	16,870
Total capital assets being depreciated	<u>42,620</u>	<u>958</u>	-	<u>43,578</u>
Less accumulated depreciation for:				
Furniture and equipment	21,365	1,660	-	23,025
Leasehold improvements	16,480	134	-	16,614
Total accumulated depreciation	<u>37,845</u>	<u>\$ 1,794</u>	\$ -	<u>39,639</u>
ABC, capital assets, net	<u>\$ 4,775</u>			<u>\$ 3,939</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mount Pleasant and the ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mount Pleasant's contractually required contribution rate for the year ended June 30, 2019, was 13.89% of compensation for employees not in law enforcement, and the ABC Boards contribution rate was 7.20% for general employees, both actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Mount Pleasant were \$56,896 and for the ABC Board \$6,025 for the year ended June 30, 2019.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019

a. Local Governmental Employees' Retirement System-continued

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

At June 30, 2019, the Town and the ABC Board reported a liability of \$108,890 and \$18,267, respectively for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's and Board's proportion of the net pension liability was based on a projection of the Town's and Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.00459%, which was an increase of 0.00031% from its proportion measured as of June 30, 2017. At June 30, 2018, the ABC Board's proportion was 0.00077%, which was a decrease of 0.00005% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$39,061. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,799	\$ 564
Changes of assumptions	28,895	-
Net difference between projected and actual earnings on pension plan investments	14,947	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	34,886	1,694
Town contributions subsequent to the measurement date	56,896	-
Total	\$ 152,423	\$ 2,258

The Town reported \$56,896 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 37,695
2020	29,103
2021	12,447
2022	14,026
2023	-
Thereafter	-
Total	\$ 93,271

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

a. Local Governmental Employees' Retirement System-continued

For the year ended June 30, 2019, the ABC Board recognized pension expense of \$4,850. At June 30, 2019, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,818	\$ 95
Changes of assumptions	4,847	-
Net difference between projected and actual earnings on pension plan investments	2,507	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	526	1,045
Board contributions subsequent to the measurement date	6,025	-
Total	\$ 16,723	\$ 1,140

The ABC Board reported \$6,025 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 4,509
2020	2,959
2021	506
2022	1,586
Total	\$ 9,560

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019

a. Local Governmental Employees' Retirement System-continued

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019

a. Local Governmental Employees' Retirement System-continued

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 261,564	\$ 108,890	\$ (18,686)

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 43,879	\$ 18,264	\$ (3,135)

b. Supplemental Retirement Income 401(k) Plan

1) Plan description:

The Town contributes to the Supplemental Retirement Income 401(k) Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

(2) Funding policy:

The Town of Mount Pleasant's policy is to contribute an amount equal to 3% of each employee's salary, and all amounts contributed are vested immediately. The town's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$22,941, which consisted of \$13,584 from the Town and \$9,357 from the employees. Contribution requirements are established and may be amended by the Town's Board of Commissioners.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

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

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

	401(k)	LGERS	Total
Pension expense	\$ 13,584	\$ 39,061	\$ 52,645
Pension liability	n/a	108,890	108,890
Proportionate share of the net pension liability	n/a	0.00459%	
Deferred outflows of resources			
Difference between expected and actual experience	-	16,799	16,799
Changes of assumptions	-	28,895	28,895
Net difference between projected and actual earnings on plan investments	-	14,947	14,947
Changes in proportion and differences between contributions and proportional share of contributions	-	34,886	34,886
Benefit payments and administrative costs paid subsequent to the measurement date	-	56,896	56,896
Deferred inflows of resources			
Difference between expected and actual experience	-	564	564
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,694	1,694

d. Other Postemployment Benefit

Healthcare Benefits

Plan Description

Fulltime employees hired prior to July 1, 2019 who retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and have worked a minimum of twenty (20) years with the Town may be eligible to participate in the Town's health plan.

Benefits are provided at no cost to the retiree up to the current rate paid for active fulltime employees in the form of a stipend. The retiree is responsible for premiums in excess of this amount.

Health care and prescription drug coverage are provided by the Town until the retiree reaches Medicare eligibility. The retiree may continue dependent coverage and pay the full cost of this coverage, if enrolled in dependent coverage at the time of retirement.

There is currently one grandfathered retiree who receives dental, vision, and life coverage through the Town at no cost to the retiree. There are only 3 employees who can achieve eligibility through length of service employment in the future. The plan has been closed for employees hired after July 1, 2019.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019

d. Other Postemployment Benefit-continued

Total OPEB Liability

The Town's total OPEB liability of \$12,906 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs.

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

Inflation 2.5 percent

Salary increases 3.5 percent, average, including inflation

Discount rate 3.89 percent

Healthcare cost trend rates Medical – 7.25%

The discount rate is based on the June average of the Bond Buyers General Obligation 20-year Municipal Bond Index as of the measurement date.

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2017	\$ 18,348
Service Cost at the end of the year	-
Interest on TOL and Cash Flows	544
Change in benefit terms	-
Difference between expected and actual experience	235
Change of assumptions or other inputs	(41)
Benefit payments	(6,180)
Total OPEB Liability as of June 30, 2018	<u>\$ 12,906</u>

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

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$ 13,033	\$ 12,906	\$ 128

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB of the Town, as well as what the Town's OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current healthcare trend rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Total OPEB Liability	\$ 12,848	\$ 12,906	\$ 12,963

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

d. Other Postemployment Benefit-continued

For the year ended June 30, 2019, the Town recognized OPEB expense of \$12,906. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Town benefit payments subsequent to measurement date	4,382	-
Changes in assumptions or other inputs	-	-
Total	<u>\$ 4,382</u>	<u>\$ -</u>

2. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 56,896
OPEB benefit payments in current fiscal year	4,382
Difference between expected and actual experience	16,799
Changes of assumptions	28,895
Net difference between projected and actual	14,947
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,886
Total	<u>\$ 156,805</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019

2. Deferred Outflows and Inflows of Resources-continued

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable (General Fund)	\$ -	\$ 16,483
Difference between expected and actual experience	564	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,694	-
Total	<u>\$ 2,258</u>	<u>\$ 16,483</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in a self-funded risk financing pool administered by the North Carolina League of Municipalities. Through this pool the Town obtains worker's compensation coverage up to the statutory limits. The Town carries commercial insurance for general liability, auto liability coverage, and property coverage. There have been no significant reductions in insurance coverage in the prior year and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town carries no flood insurance on the Town's property. Most Town property does not lie in a flood plain.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond in the amount of \$50,000 each. The finance officer was individually bonded as required by law at June 30, 2019. The Town does not carry an individual bond on a tax collector because it outsources its tax collection to Cabarrus County.

The Town participates in two self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the Town obtains worker's compensation coverage up to statutory limits and employee health coverage. Stop loss insurance is purchased by the Board of Trustee to protect against large medical claims that exceed certain dollar cost levels. Specific information on stop loss policies purchased by the Board of Trustees can be obtained by contacting Rick Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

4. Long-Term Obligations

a. General Obligation Indebtedness

The Town has no general obligation indebtedness at June 30, 2019.

At June 30, 2019, the Town of Mount Pleasant had a legal debt margin of \$10,896,717.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

b. Installment Purchase-sewer lines

In March 2003, the Town issued a promissory note for \$1,461,886 to the Department of Environment and Natural Resources to finance a sanitary sewer project to refurbish the sewer lines. The financing contract requires principal payments beginning in the fiscal year of 2005 with interest at 2.66%.

The future minimum payments of the installment purchase as of June 30, 2019, including interest of \$29,165, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2020	\$ 73,094	\$ 9,722
2021	73,094	7,777
2022	73,094	5,833
2023	73,094	3,889
2024	73,094	1,944
	<u>\$365,470</u>	<u>\$29,165</u>

c. Installment Purchase-water line improvements

On July 1, 2004, the Town set up financing of \$1,179,244 with Water and Sewer Authority of Cabarrus County, North Carolina to finance improvements to the water distribution system. The financing contract requires principal payments beginning in the fiscal year of 2005 with interest at 2.66% interest. During the year ended June 30, 2017 this loan was assumed by the Town from the Water and Sewer Authority of Cabarrus County directly with the State of North Carolina. The terms remain unchanged.

The future minimum payments of the installment purchase as of June 30, 2019, including interest of \$23,526, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2020	\$ 58,962	\$ 7,842
2021	58,962	6,274
2022	58,962	4,705
2023	58,962	3,137
2024	58,963	1,568
	<u>\$294,811</u>	<u>\$23,526</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2019

d. Installment Purchase-Public Works Building

On October 16, 2008, the Town entered into an installment purchase contract for \$700,000 to finance the construction of a Public Works building. The financing contract requires semi-annual payments of principal and interest, which began on April 16, 2009. On April 16, 2014 the contract was revised to reflect a lower interest rate. The original contract required 30 payments at the interest rate of 3.85% with all unpaid principal and interest due on October 16, 2023. The revised contract requires 19 payments at the interest rate of 2.87% with all unpaid principal and interest due October 16, 2023.

The future minimum payments of the installment purchase as of June 30, 2019, including interest of \$15,068, are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2020	\$ 23,333	\$ 3,014
2021	23,333	2,344
2022	23,333	1,674
2023	23,333	1,005
2024	23,335	334
	<u>\$116,667</u>	<u>\$8,371</u>

Year Ending June 30	Business-type activities	
	Principal	Interest
2020	\$ 23,333	\$ 2,679
2021	23,333	2,009
2022	23,333	1,339
2023	23,335	670
	<u>\$93,334</u>	<u>\$6,697</u>

e. Installment Purchase-Fire Truck

On March 26, 2014, the Town entered into an installment purchase contract for \$268,643 to finance the purchase of a fire truck. The financing contract requires quarterly payment of principal and interest, which begins on December 26, 2014. The contract requires 40 payments at the interest rate of 2.75%.

The total future minimum payments of the installment purchase (including amounts disbursed in the next fiscal year) as of June 30, 2019, including interest of \$11,565, are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2020	\$ 26,976	\$ 3,844
2021	27,726	3,095
2022	28,496	2,324
2023	29,288	1,533
2024	30,102	719
2025	7,259	50
	<u>\$149,947</u>	<u>\$11,565</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

f. Changes in Long-Term Liabilities

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 316,094	\$ -	\$ 49,581	\$ 266,513	\$ 50,311
Net pension liability (LGERS)	25,252	21,851	-	47,103	
Net OPEB liability	-	12,906	-	12,906	
Compensated absences	18,218	-	1,106	17,112	
Governmental activities long-term liabilities	<u>359,564</u>	<u>34,757</u>	<u>50,687</u>	<u>343,634</u>	<u>50,311</u>
Business type activities:					
Water and Sewer Fund					
Net pension liability (LGERS)	40,135	21,652	-	61,787	
Installment purchases	909,006	-	155,390	753,616	155,390
Compensated absences	14,266	1,820	-	16,086	
Water and Sewer Fund long-term liabilities	<u>\$963,407</u>	<u>\$ 23,472</u>	<u>\$155,390</u>	<u>\$ 831,489</u>	<u>\$ 155,390</u>

C. Interfund Balances and Activity

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

Due to/from other funds:

Due from General Fund to the Water and Sewer Fund	<u>\$2,873</u>
Interfund account balances arise from allocation of payroll transactions and transfers from capital projects funds to the General Fund for the Water and Sewer Fund. These temporary balances are repaid during the ordinary course of business during the subsequent year.	
Due from Governmental Funds to Business-Type Funds	<u>\$3,908</u>
Additional amount from accrual adjustments for pension asset/liability. \$1,035.	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

D. Fund Balance

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

Total fund balance-General Fund	\$1,816,013
Less:	
Inventories	-
Stabilization by State Statute	144,219
Streets-Powell Bill	33,303
Appropriated Fund Balance in 2020 budget	125,000
Working Capital/Fund Balance Policy	832,332
Assigned for retiree health insurance	4,400
Remaining Fund Balance	676,759

The Town of Mount Pleasant 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 42% of the next fiscal year budget.

IV. Joint Ventures

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2019, the Town did not report any revenues and expenditures for these payments because no benefit payments were paid to the Town 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 the financial statements at June 30, 2019. 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.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreement. 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.

VI. Subsequent Events

Town administrative staff has evaluated subsequent events through November 21, 2019, the date the financial statements were available to be issued. The ABC Board management has evaluated subsequent events through September 30, 2019, the date the financial statements were available to be issued.

Town of Mount Pleasant, North Carolina
 Town of Mount Pleasant's Proportionate Share of Net Pension Liability (Asset)
 Required Supplementary Information
 Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Mount Pleasant's proportion of the net pension liability (asset) (%)	0.00459%	0.00428%	0.00420%	0.0032000%	0.00528%	0.00510%
Mount Pleasant's proportion of the net pension liability (asset) (\$)	\$ 108,890	\$ 65,387	\$ 89,139	\$ 14,361	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 340,651	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171	\$ 234,569
Mount Pleasant's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.97%	23.51%	31.06%	4.59%	(10.44%)	26.21%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Town of Mount Pleasant, North Carolina
 Town of Mount Pleasant's Contributions
 Required Supplementary Information
 Last Six Fiscal Years

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 56,852	\$ 46,465	\$ 37,241	\$ 18,928	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	<u>56,852</u>	<u>46,465</u>	<u>37,241</u>	<u>18,928</u>	<u>24,671</u>	<u>21,081</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Mount Pleasant's covered-employee payroll	\$ 409,300	\$ 340,651	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171
Contributions as a percentage of covered-employee payroll	13.89%	13.64%	13.39%	6.60%	7.89%	7.07%

Town of Mount Pleasant, North Carolina
 Schedule of Changes in the Total OPEB Liability and Related Ratios
 June 30, 2019

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	-	-
Interest	544	-
Changes of benefit terms	-	-
Differences between expected and actual experience	235	-
Changes of assumptions	(41)	-
Benefit payments	(6,180)	-
Net change in total OPEB liability	<u>(5,442)</u>	<u>-</u>
Total OPEB liability - beginning	18,348	-
Total OPEB liability - ending	<u>12,906</u>	<u>-</u>
Covered payroll	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A

Notes to Schedule

Actuarial information for 2018 is not available

Covered employee payroll is not provided since there are fewer than 10 participants in the plan.

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

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes			
Taxes	\$ 730,000	\$ 757,840	\$ 27,840
Penalties and interest	2,000	3,357	1,357
Total	<u>732,000</u>	<u>761,197</u>	<u>29,197</u>
Unrestricted intergovernmental			
Local option sales tax	230,000	257,788	27,788
Utility sales tax	56,000	85,078	29,078
Telecommunications sales tax	21,000	14,781	(6,219)
Local video program tax	18,000	18,620	620
Beer and wine taxes	7,000	8,257	1,257
ABC profit distribution	-	23,841	23,841
Total	<u>332,000</u>	<u>408,365</u>	<u>76,365</u>
Sales, permits, and fees			
Solid waste fees	3,000	3,802	802
Demo fees-code enforcement liens	-	200	200
Recycling fees	22,000	20,911	(1,089)
Permits and fees	3,000	5,570	2,570
Total	<u>28,000</u>	<u>30,483</u>	<u>2,483</u>
Restricted intergovernmental			
Solid waste disposal tax	1,000	1,420	420
Powell Bill allocation	50,000	51,536	1,536
Total	<u>51,000</u>	<u>52,956</u>	<u>1,956</u>
Restricted intergovernmental-public safety			
Cabarrus Co. EMS grant	-	1,000	1,000
Contract fire-Cabarrus Co.	420,231	428,448	8,217
Contract fire-Cabarrus Co tax distribution	104,517	113,826	9,309
Total	<u>524,748</u>	<u>543,274</u>	<u>18,526</u>
Investment earnings			
	<u>3,000</u>	<u>7,342</u>	<u>4,342</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other revenues			
Rent and other	5,400	7,400	2,000
Private contributions	10,000	10,000	-
Dependent insurance reimbursement	7,500	813	(6,687)
Miscellaneous	23,000	11,106	(11,894)
Events revenue	-	8,025	8,025
Total	45,900	37,344	(8,556)
Total revenues	1,716,648	1,840,961	124,313
Expenditures			
General government			
Town Hall			
Contracted services	9,000	8,650	350
Utilities	18,000	13,599	4,401
Maintenance and repairs-building	5,000	6,228	(1,228)
Maintenance and repairs-equipment	500	150	350
Insurance-property and casualty	33,000	25,642	7,358
Telephone	12,700	11,684	1,016
Cleaning supplies	500	159	341
Fuel	250	32	218
Total	78,950	66,144	12,806
Governing body			
Mayor-stipend	7,800	7,800	-
Board member stipend	15,000	15,000	-
Social security	1,750	1,698	52
Education and travel	500	-	500
Election fee	500	-	500
Cabarrus Economic Development	2,500	2,000	500
Cabarrus Rowan MPO	700	290	410
Departmental supplies and materials	2,000	2,430	(430)
Total	30,750	29,218	1,532

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration and Finance			
Salaries and wages	49,150	51,746	(2,596)
Salaries and wages-longevity	1,000	1,000	-
Salaries and wages-lump sum	1,500	1,500	-
Salaries and wages-part time	1,000	50	950
Health insurance	13,716	13,716	-
Employee wellness center	1,350	1,043	307
Insurance-dental/vision	1,910	869	1,041
Health insurance-other	7,500	815	6,685
Social security	3,900	5,428	(1,528)
Employee benefits-retirement	6,900	7,967	(1,067)
Employee benefits-401k	1,975	2,040	(65)
Retiree insurance	4,430	-	4,430
Dues and subscriptions	3,500	1,283	2,217
Education and travel	6,000	5,923	77
Insurance-workman's comp	2,100	2,019	81
Attorney fees	20,000	20,243	(243)
Auditor fees	9,000	9,000	-
Grant writer fees	2,500	-	2,500
Tax collection expense	5,000	4,457	543
Tax penalty paid to school system	-	877	(877)
Contracted services	34,500	36,449	(1,949)
Communications-mobile	2,000	2,220	(220)
Advertising	3,500	3,184	316
Office supplies and postage	16,500	7,257	9,243
Computers and software	9,000	5,209	3,791
Office staff uniforms	600	364	236
Miscellaneous	<u>2,815</u>	<u>3,887</u>	<u>(1,072)</u>
Total	211,346	188,546	22,800

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Planning and development			
Salaries and wages	43,000	38,567	4,433
Salaries and wages code enforcement	8,000	5,393	2,607
Planning board stipend	7,200	7,200	-
Health insurance	4,680	4,679	1
Insurance-dental/vision	319	199	120
Social security	3,575	3,949	(374)
Employee benefits-retirement	5,575	6,865	(1,290)
Employee benefits-401k	2,240	-	2,240
Dues and subscriptions	-	459	(459)
Education and travel	1,000	300	700
Contracted services-planning	33,500	37,083	(3,583)
Studies-planning	-	3,500	(3,500)
Downtown development	-	52	(52)
Facade improvement program	10,000	-	10,000
Advertising	2,500	2,598	(98)
Uniforms	-	87	(87)
Code enforcement-miscellaneous	3,000	2,461	539
Department supplies and postage	<u>750</u>	<u>600</u>	<u>150</u>
 Total	 <u>125,339</u>	 <u>113,992</u>	 <u>11,347</u>
 Total general government	 <u>446,385</u>	 <u>397,900</u>	 <u>48,485</u>
 Public safety			
Law enforcement			
Contract services-Cabarrus County	104,900	92,415	12,485
Contract services	1,500	-	1,500
Maintenance and repair -vehicles and equipment	4,000	979	3,021
Departmental supplies and postage	500	-	500
Fuel	<u>7,500</u>	<u>4,157</u>	<u>3,343</u>
 Total	 <u>118,400</u>	 <u>97,551</u>	 <u>20,849</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Fire department			
Salaries and wages	315,000	298,444	16,556
Health insurance	1,710	1,709	1
Health reimbursement account	-	-	-
Insurance-dental/vision	115	103	12
Social security	24,100	22,693	1,407
Employee benefits-retirement	1,750	1,880	(130)
Employee benefits-pension	-	-	-
Employee benefits-401k	500	295	205
Dues and subscriptions	1,200	1,274	(74)
Education and travel	1,000	785	215
Firemen's physicals	1,000	-	1,000
Insurance-workman's comp	18,000	18,000	-
Contracted services	750	330	420
Utilities	15,000	16,802	(1,802)
Maintenance and repairs-building	5,000	6,293	(1,293)
Maintenance and repairs-vehicles and equipment	47,572	45,450	2,122
Insurance-property and casualty	20,000	20,000	-
Telephone	3,750	3,675	75
Communications-mobile	3,000	2,874	126
Departmental supplies and materials	1,800	1,513	287
Office supplies	500	216	284
Fire and rescue supplies	19,000	10,619	8,381
Uniforms	5,000	5,445	(445)
EMS supplies	2,500	2,003	497
Computers and software	-	5,845	(5,845)
Personal protective gear	18,000	14,694	3,306
Fuel	14,400	11,966	2,434
Capital outlay-vehicles & equipment	26,146	26,146	-
Miscellaneous	<u>5,000</u>	<u>4,174</u>	<u>826</u>
 Total	 551,793	 523,228	 28,565
 Total public safety	 670,193	 620,779	 49,414
 Public works			
Public works facilities general			
Contracted services	1,000	717	283
Utilities	35,000	30,795	4,205
Maintenance and repairs-building	1,500	387	1,113
Insurance property and casualty	2,750	2,750	-
Telephone	1,200	1,002	198
Department supplies & postage	400	123	277
Miscellaneous	<u>-</u>	<u>2,658</u>	<u>(2,658)</u>
 Total	 41,850	 38,432	 3,418

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Streets			
Salaries	24,800	25,197	(397)
Salaries-part time	400	-	400
Health insurance	4,320	4,320	-
Insurance-dental/vision	276	211	65
Social security	2,200	2,031	169
Employee benefits-retirement	3,475	3,641	(166)
Employee benefits-401k	990	1,230	(240)
Education and travel	200	-	200
Insurance-workman's comp	4,000	4,000	-
Contracted services-engineer	5,000	4,475	525
Snow and ice removal	1,500	629	871
Maintenance and repairs-vehicles and equipment	5,000	6,437	(1,437)
Maintenance and repairs-sidewalks	1,000	-	1,000
Maintenance and repairs-streets	8,000	4,259	3,741
Departmental supplies and materials	8,000	7,988	12
Fuel	7,000	5,005	1,995
Powell Bill expenditures	60,500	59,864	636
Capital outlay-vehicles & equipment	<u>7,000</u>	<u>9,227</u>	<u>(2,227)</u>
Total	143,661	138,514	5,147
Sanitation			
Contract services-recycling	20,000	18,312	1,688
Contract services	77,500	67,368	10,132
Landfill fees	20,000	20,332	(332)
Departmental supplies and postage	<u>16,000</u>	<u>16,968</u>	<u>(968)</u>
Total	133,500	122,980	10,520
Buildings and grounds			
Salaries	47,000	39,797	7,203
Salaries-part time	300	-	300
Health insurance	8,064	8,064	-
Insurance-dental/vision	520	372	148
Social security	4,750	3,183	1,567
Employee benefits-retirement	6,525	5,736	789
Employee benefits-401k	1,875	931	944
Insurance-workman's comp	2,750	2,750	-
Maintenance and repairs-vehicles and equipment	250	756	(506)
Departmental supplies and postage	1,000	1,662	(662)
Fuel	<u>250</u>	<u>-</u>	<u>250</u>
Total	73,284	63,251	10,033
Total public works	392,295	363,177	29,118

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Cultural and recreational			
Park maintenance	14,000	10,502	3,498
Mt Pleasant beautification	5,000	3,920	1,080
CVAN-Battered Shelter	500	500	-
Cabarrus Arts Council	1,000	1,000	-
Eastern Cabarrus Historical Society	500	500	-
Cabarrus Health Alliance	500	420	80
Youth council	2,000	952	1,048
Independence day celebration	15,000	14,020	980
Christmas parade	750	779	(29)
Charitable contribution	1,000	25	975
Christmas decorations	10,000	11,136	(1,136)
Events expense	10,000	11,581	(1,581)
Farmers market	400	-	400
Total cultural and recreational	<u>60,650</u>	<u>55,335</u>	<u>5,315</u>
Debt service			
Principal	54,159	49,529	4,630
Interest	<u>8,384</u>	<u>8,308</u>	<u>76</u>
Total debt service	<u>62,543</u>	<u>57,837</u>	<u>4,706</u>
Total expenditures	<u>1,632,066</u>	<u>1,495,028</u>	<u>137,038</u>
Revenues over (under) expenditures	<u>84,582</u>	<u>345,933</u>	<u>261,351</u>
Other financing sources (uses)			
Transfer to capital projects fund	(110,000)	(110,000)	-
Transfer to capital reserve general fund	(56,459)	(56,459)	-
Transfer from proprietary fund	13,200	-	(13,200)
Sale of capital assets	-	1,777	1,777
Insurance recovery	<u>3,718</u>	<u>4,120</u>	<u>402</u>
Total	<u>(149,541)</u>	<u>(160,562)</u>	<u>(11,021)</u>
Fund balance appropriated	<u>64,959</u>	<u>-</u>	<u>(64,959)</u>
Net change in fund balance	<u>\$ -</u>	<u>185,371</u>	<u>\$ 185,371</u>
Fund balances			
Fund balances, beginning		<u>1,630,642</u>	
Fund balances, ending	<u>\$ 1,816,013</u>		

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Charges for services			
Water and sewer charges	\$ 1,045,000	\$ 1,085,598	\$ 40,598
Water and sewer taps	10,000	27,531	17,531
Other operating revenues	<u>20,000</u>	<u>28,118</u>	<u>8,118</u>
Total operating revenues	<u>1,075,000</u>	<u>1,141,247</u>	<u>66,247</u>
Nonoperating revenues			
Investment earnings	<u>-</u>	<u>5,490</u>	<u>5,490</u>
Total nonoperating revenues	<u>-</u>	<u>5,490</u>	<u>5,490</u>
Total revenues	<u>1,075,000</u>	<u>1,146,737</u>	<u>71,737</u>
Expenditures			
Billing and water sewer administration			
Salaries and wages	65,600	64,168	1,432
Salaries and wages part time	1,000	50	950
Salaries and wages longevity	1,650	1,650	-
Salaries and wages longevity	2,500	2,000	500
Health insurance	11,160	11,154	6
Employee wellness center	1,350	1,043	307
Insurance-dental/vision	1,750	1,102	648
Social security	5,100	6,453	(1,353)
Employee benefits-retirement	9,100	9,760	(660)
Employee benefits-401k	2,650	2,341	309
Employee benefits-retiree insurance	4,430	4,393	37
Dues and subscriptions	650	585	65
Insurance-workman's comp	474	461	13
Contracted services-engineer	25,000	22,760	2,240
Auditor fees	9,000	9,000	-
Attorney fees	5,000	2,600	2,400
Contracted services-administration	15,000	13,305	1,695
Equipment lease	700	-	700
Transaction processing fees	7,300	8,496	(1,196)
Communications-mobile	3,000	2,168	832
Office supplies and postage	11,000	13,188	(2,188)
Uniforms	3,000	2,189	811
Fuel	-	1,756	(1,756)
Bad debt provision	<u>-</u>	<u>377</u>	<u>(377)</u>
Total billing and administrative	<u>186,414</u>	<u>180,999</u>	<u>5,415</u>

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Public Works Facility-Water and Sewer			
Contracted services	500	-	500
Utilities	10,000	10,000	-
Maintenance and repairs-building	5,000	4,134	866
Insurance-property and casualty	2,400	2,400	-
Telephone	3,900	5,007	(1,107)
Office supplies	<u>400</u>	<u>403</u>	<u>(3)</u>
Total public works facility	<u>22,200</u>	<u>21,944</u>	<u>256</u>
Water distribution			
Salaries and wages	47,431	44,492	2,939
Salaries and wages-part time	225	-	225
Health insurance	8,208	7,608	600
Insurance-dental/vision	530	431	99
Social security	4,150	3,523	627
Employee benefits-retirement	6,600	6,365	235
Employee benefits-401k	1,900	2,384	(484)
Education and travel	750	264	486
Contracted services	4,500	750	3,750
Water purchase	10,000	1,406	8,594
Maintenance and repairs-vehicles and equip.	2,000	1,613	387
Maintenance and repairs-water lines	19,523	27,767	(8,244)
Maintenance and repairs-meters	10,000	7,573	2,427
Departmental supplies	3,000	3,439	(439)
Fuel	1,500	956	544
Capital outlay-vehicles and equipment	5,000	5,326	(326)
Miscellaneous	<u>900</u>	<u>936</u>	<u>(36)</u>
Total water distribution	<u>126,217</u>	<u>114,833</u>	<u>11,384</u>

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Water treatment plant			
Salaries and wages	68,433	67,683	750
Salaries and wages-part time	24,000	15,170	8,830
Salaries and wages-longevity	250	250	-
Salaries and wages-lump sum	500	500	-
Health insurance	7,200	5,261	1,939
Insurance-dental/vision	460	460	-
Social security	7,150	6,642	508
Employee benefits-retirement	9,525	9,860	(335)
Employee benefits-401k	2,750	2,717	33
Dues and subscriptions	1,200	1,820	(620)
Education and travel	800	240	560
Insurance-workers comp	2,400	2,400	-
Insurance-property and casualty	3,300	3,300	-
Utilities	36,000	38,452	(2,452)
Maintenance and repairs-building	2,000	2,440	(440)
Maintenance and repairs-vehicle	400	398	2
Maintenance and repairs-equipment	17,000	20,915	(3,915)
Dredging	15,000	77	14,923
Telephone	5,000	5,484	(484)
Mobil communications	600	600	-
Departmental supplies	2,100	6,526	(4,426)
Office supplies	200	83	117
Chemicals	35,000	26,421	8,579
Chemical disposal	1,000	-	1,000
Computers & software	2,000	9,910	(7,910)
Fuel	500	193	307
Capital outlay-equipment	17,000	20,640	(3,640)
Miscellaneous	2,000	1,561	439
Total water treatment plant	<u>263,768</u>	<u>250,003</u>	<u>13,765</u>

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Sewer collection			
Salaries and wages	47,431	44,010	3,421
Salaries and wages-part time	225	-	225
Health insurance	8,208	7,018	1,190
Insurance-dental/vision	530	425	105
Social security	4,150	3,487	663
Employee benefits-retirement	6,600	6,299	301
Employee benefits-401k	1,900	1,645	255
Education and travel	500	1,246	(746)
Sewage treatment	179,000	185,208	(6,208)
Maintenance and repairs-vehicles and equip.	2,000	680	1,320
Maintenance and repairs-sewer lines	15,000	7,668	7,332
Maintenance and repairs-pump station	15,000	4,282	10,718
Departmental supplies	5,900	3,013	2,887
Fuel	440	392	48
Miscellaneous	1,020	529	491
Total sewer collection	<u>287,904</u>	<u>265,902</u>	<u>22,002</u>
Debt service			
Interest	24,428	24,425	3
Principal retirement	155,392	155,390	2
Total debt service	<u>179,820</u>	<u>179,815</u>	<u>5</u>
Total expenditures	<u>1,066,323</u>	<u>1,013,496</u>	<u>52,827</u>

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

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues over (under) expenditures	<u>8,677</u>	<u>133,241</u>	<u>124,564</u>
Other financing sources (uses):			
Insurance recovery	4,523	6,476	1,953
Transfer to other funds:			
General fund	<u>(13,200)</u>	-	<u>13,200</u>
Total	<u>(8,677)</u>	<u>6,476</u>	<u>15,153</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>139,717</u>	<u>\$ 139,717</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Revenues over expenditures		<u>139,717</u>	
Reconciling items			
Decrease in accrued interest	762		
Increase in due to other funds	1,087		
Increase in compensated absences	(1,820)		
Principal retirement	155,390		
Capital outlay	25,966		
Increase in deferred outflows of resources-pensions	28,523		
Increase in net pension liability	(21,653)		
Decrease in deferred inflows of resources-pensions	2,163		
Depreciation	<u>(127,742)</u>		
Total reconciling items		<u>62,676</u>	
Change in net position		<u>\$ 202,393</u>	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
CAPITAL PROJECT-CAPITAL RESERVE FUND - GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	20	\$37	\$ 57	\$ 57
Total revenues	-	20	37	57	57
Other financing sources (uses)					
Transfer from General Fund	100,000	65,000	56,459	121,459	21,459
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer to General Fund	(100,000)	(28,489)	-	(28,489)	71,511
Total other financing sources (uses)	-	36,511	56,459	92,970	92,970
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 36,531	\$ 56,496	\$ 93,027	\$ 93,027

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
CAPITAL PROJECT-FIRE DEPARTMENT FACILITY - GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 52	\$ 96	\$ 148	\$ 148
Total revenues	<u>-</u>	<u>52</u>	<u>96</u>	<u>148</u>	<u>148</u>
Expenditures					
Building construction	1,300,000	-	-	-	1,300,000
Parking lot construction	100,000	-	-	-	100,000
Engineering and architect fees	112,000	123,200	1,050	124,250	(12,250)
Contingency	130,000	877	-	877	129,123
Total expenditures	<u>1,642,000</u>	<u>124,077</u>	<u>1,050</u>	<u>125,127</u>	<u>1,516,873</u>
Revenues over (under) expenditures	<u>(1,642,000)</u>	<u>(124,025)</u>	<u>(954)</u>	<u>(124,979)</u>	<u>1,517,021</u>
Other financing sources (uses)					
Transfer from General Fund	242,000	205,833	110,000	315,833	73,833
Proceeds from installment borrowing	1,400,000	-	-	-	(1,400,000)
Total other financing sources (uses)	<u>1,642,000</u>	<u>205,833</u>	<u>110,000</u>	<u>315,833</u>	<u>(1,326,167)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 81,808	\$ 109,046	\$ 190,854	\$ 190,854

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ 752,776		\$ 741,100	\$ 11,676
2017-2018	\$ 15,621	-	14,394	1,227
2016-2017	2,086	-	1,735	351
2015-2016	369	-	110	259
2014-2015	408	-	67	341
2013-2014	1,015	-	-	1,015
2012-2013	737	-	-	737
2011-2012	1,027	-	206	821
2010-2011	401	-	(18)	419
2009-2010	412	-	(19)	431
2008-2009	445	-	445	-
	\$ 22,521	\$ 752,776	\$ 758,020	17,277

Less allowance for uncollectible accounts:

General Fund	<u>795</u>
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Ad valorem taxes receivable-net

<u>16,482</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	761,198
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Reconciling items

Interest collected	(3,357)
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Taxes written off	<u>179</u>
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Total collections and credits	<u>\$ 758,020</u>
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TOWN OF MOUNT PLEASANT, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2019

				Tax Levy
		Town-wide		
		Property Valuation	Rate	Amount of Levy
Original levy:				
Property taxed at current year's rate	\$ 149,023,693	\$.505	\$ 752,447	\$ 681,917
Penalties	-		635	635
Total	<u>149,023,693</u>		<u>753,082</u>	<u>682,552</u>
				70,530
Discoveries:				
Current year taxes	195,600	.505	988	988
Prior year taxes	-		976	976
Penalties	-		258	258
Total	<u>195,600</u>		<u>2,222</u>	<u>2,222</u>
				-
Releases	<u>(258,716)</u>		<u>(2,528)</u>	<u>(1,357)</u>
Total property valuation	<u><u>\$ 148,960,577</u></u>			<u><u>(1,171)</u></u>
Net levy			752,776	683,417
Uncollected taxes at June 30, 2018			<u>(11,676)</u>	<u>(11,676)</u>
Current year's taxes collected			<u>\$ 741,100</u>	<u>\$ 671,741</u>
Current levy collection percentage			<u>98.45%</u>	<u>98.29%</u>
				<u>100.00%</u>