

**Town of Mount Pleasant  
Mount Pleasant, North Carolina  
For the Year Ended  
June 30, 2020**

**Independent Auditor's Reports  
Basic Financial Statements  
And  
Information Accompanying the  
Basic Financial Statements**

## **Governance**

**W. Del Eudy, Mayor**

### **Town Board of Commissioners**

**Lori Furr, Mayor Pro Tem**

**Steve Ashby**

**William Meadows**

**Jim Sells**

**Justin Simpson**

### **Administrative Staff and Financial Staff**

**Terry R. Holloway, Town Manager**

**Crystal Smith, Assistant Town Manager**

**Amy Schueneman, Finance Officer/Town Clerk**

# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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November 12, 2020

To the Honorable Mayor and Town Council  
Town of Mount Pleasant

I have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Mount Pleasant for the year ended June 30, 2020. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated April 21, 2020. Professional standards also require that I communicate to you the following information related to my audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Mount Pleasant are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. I noted no transactions entered into by the Town of Mount Pleasant during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town of Mount Pleasant's financial statements was:

Management's estimate of the depreciation is based on anticipated useful life of the assets. I evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures which I saw as more sensitive than others to the users of the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

### Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 12, 2020.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Mount Pleasant's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Mount Pleasant's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

### Other Matters

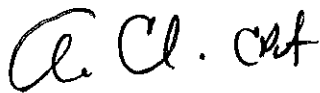
I applied certain limited procedures to Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions and the Schedule of Changes in the Total OPEB Liability, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

I was engaged to report on individual fund financial statements, budgetary schedules, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the use of the Mayor, Council and management of the Town of Mount Pleasant and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "E. Carrick".

Eddie Carrick CPA, PC

TOWN OF MOUNT PLEASANT  
NORTH CAROLINA  
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# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

To Honorable Mayor and Town Council  
Town of Mount Pleasant  
Mount Pleasant, North Carolina

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Mount Pleasant, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I did not audit the financial statements of the Town of Mount Pleasant ABC Board. Those statements were audited by another auditor whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Town of Mount Pleasant ABC Board, is based solely on the report of another auditor. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, based on my 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, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-14 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 49 through 50, respectively, and the Schedule of Changes in the Total OPEB Liability and Related Ratios on page 51, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

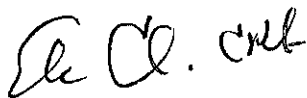
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mount Pleasant, North Carolina's basic financial statements. The individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional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

The individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, and the procedures performed as described above, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Emphasis of Matter**

As discussed in Note VI to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter.

Eddie Carrick CPA, PC



Lexington, North Carolina  
November 12, 2020

## Management's Discussion and Analysis

As management of the Town of Mount Pleasant, we offer readers of these financial statements this overview and analysis of the financial activities of the Town of Mount Pleasant for the fiscal year ending June 30, 2020. We encourage readers to read the information presented in conjunction with the supporting financial statements. The Town of Mount Pleasant is anticipating future growth. Our Comprehensive Plan recognized a shared vision for its future which includes preserving small-town character through historic preservation and controlled growth; maintaining a safe, family-oriented community; revitalization of downtown while keeping the historic charm; attracting and retaining small business to provide needs of the community; parks/recreation facilities/athletics programming; and a safe pedestrian network. Staff have diligently worked this past fiscal year to prepare for future controlled growth as well as preparing for an extensive capital project to replace infrastructure, which is approaching 100 years old.

### **Financial Highlights:**

The tax rate remained unchanged at .0505 cents per hundred.

**Water Rates** were unchanged.

**Sewer rates** had an increase of 12% to the base rate (3% WSACC pass thru and 9% for repairs to reline manholes and manhole covers).

**Employee Raises & 401k for Full-Time Employees:** During fiscal year 2019/2020, full-time employees received a 1.5% increase in pay along with an additional 1% contribution (for a total of 5%) to their 401k. Part-time firefighters hourly rate increased from \$11 to \$11.25 per hour.

**Future Retiree Insurance:** The Town partnered with Cavanaugh & Associates to perform the first Actuary Study to determine the amount the Town should be setting aside for future retiree's monthly medical insurance premiums if current employees retire with 20 years and before they are Medicare eligible. These funds are only for full-time employees hired before July 1, 2019, and the study determined three (3) potential employees. Findings from Cavanaugh & Associates recommended setting aside \$5,000 per year, with half being funded from General Fund and half being funded from our Enterprise Fund (Water & Sewer Fund).

**FEMA Project - Repair of the Town's Dutch Buffalo Creek raw water intake dam:** In September 2018, our raw water intake dam had an 18" section of concrete to fail and crumble during Hurricane Florence. The Town advertised for engineering services, and a firm was selected in July 2019 to begin the project of assessing damages and developing a solution for repair (engineering services = \$72,000). The damages to the intake dam were estimated at \$230,000 which will be submitted to FEMA for reimbursement as the project is completed.



Management Discussion and Analysis  
Town of Mount Pleasant

**Water Tank Maintenance Contract and Partnership with AT&T for Cell Phone Placement on North Drive Water Tank:** The Town partnered with SUEZ company to perform annual maintenance on both our water tanks in the sum of \$29,000 per year. We also partnered with AT&T to place a cell tower on the North Drive Water Tank. Revenue received from the cell phone company will be used to help pay for annual maintenance of both tanks. We hope to partner with other cell phone providers in the future.

**New SCADA System for Water Treatment Plant:** In 2017, the Town assumed ownership of a Water Treatment Plant located in our city limits which needed significant repairs. During fiscal year 2019/2020, the Water Resources Director discovered all the automated systems inside the Water Treatment Plant were not working. The hard drive for the old systems could not be repaired, and we obtained estimates for emergency repairs at the sum of \$27,557. With the installation of this new system, we were able to completely automate the water treatment system.

**Fire Vehicles/Apparatus:** During fiscal year 2019/2020, the Town purchased several new vehicles for our Fire Department: a new brush truck (\$56,510), two (2) new chief vehicles (totaling \$61,800), and a new fire engine to replace a current engine (\$585,000).

**Purchase of land for future satellite Fire Station:** In November 2019, the Town Board approved the purchase of eight (8) acres on Walker Road for a future satellite fire station (\$100,000). The need for a future satellite fire department was identified in our 2017 Comprehensive Plan and would enable the Fire Department to potentially partner with Cabarrus County for a facility staffing both fire and EMS personnel. As this section of Eastern Cabarrus County continues to grow with residential developments, more events at the Cabarrus Events Arena, and increased enrollment at Mount Pleasant Middle and High Schools, it is critical that call and response times are met. The Town continues to set aside \$110,000 in a capital account for the future fire station.

**Grants:** The Town of Mount Pleasant is rich in history but also rich in the amount of recreational/sports activities for the town's youth and adults. During fiscal year 2019/2020, the town applied for a PARTF Grant in order to complete Phase 2 of improvements to the Town Park as identified in the Town's Comprehensive Plan. These improvements include a new picnic shelter building with restrooms and concessions, a new maintenance/sports equipment building, a covered seating amphitheater, dugout improvements, adding approximately 32 parking spaces, and adding connecting accessible walkways and benches. The total estimated cost of the project is \$457,400. The Town's 50% match would be estimated at \$228,700. Awarding of the PARTF Grant was delayed due to COVID-19, and the Town is hopeful we will be one of the recipients.

## Management Discussion and Analysis Town of Mount Pleasant

**USDA Capital Projects: Main Street Water line replacement and Regional Sewer Pump Station** – During fiscal year 2019/2020, the Town Board approved a letter of agreement with LKC Engineering to provide the preliminary engineering and environmental report for various USDA projects (\$30,000). Projects include the replacement of the North Main Street water line, a regional sewer pump station to be located on Empire Drive and possibly a new water line on Highway 49 from North Main Street to Highway 73. LKC Engineering will also explore the possibility of making updates to the Summer Street sewer pump station.

The Main Street water line will increase water flow and fire 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.

The Town purchased property on Empire Drive (\$15,684) for future expansion/replacement of our sewer pump stations in the future growth corridor of Town. A new pump station will add significant sewer availability to this growth corridor and relieve current capacity issues with the Summer Street sewer pump station.

**Downtown Revitalization:** In coming years, the economy of the Town of Mount Pleasant will experience many changes. The following key economic indicators reflect anticipated increases in revenues:

- A small nine-lot subdivision off North College Street, called "Neuenburg," was approved and construction has begun.
- A sixteen-unit townhome development on South Skyland Drive was approved, and we are awaiting construction to begin
- We have also had several new restaurants and shops to open during fiscal year 2019/2020.

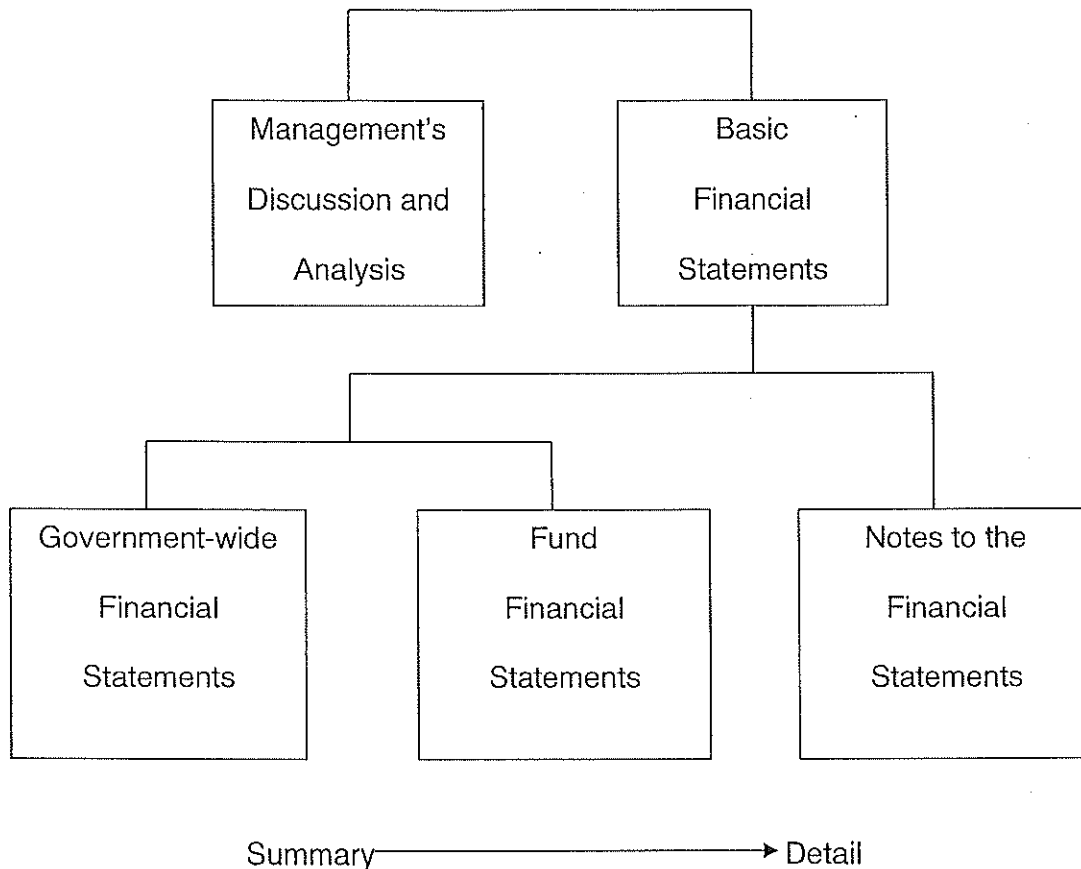
### Overview of the Financial Statements

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**

|  | Governmental Activities |              | Business-Type Activities |              | Total        |              |
|--|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
|  | 2020                    | 2019         | 2020                     | 2019         | 2020         | 2019         |
| Current and other assets                             | \$ 2,295,476            | \$ 2,181,702 | \$ 1,066,228             | \$ 942,735   | \$ 3,361,704 | \$ 3,124,437 |
| Capital assets                                       | 3,518,612               | 2,887,418    | 3,342,667                | 3,425,203    | 6,861,279    | 6,312,621    |
| Deferred outflow s of resources                      | 81,954                  | 70,316       | 90,111                   | 86,489       | 172,065      | 156,805      |
| Non-current assets                                   | -                       | -            | -                        | -            | -            | -            |
| Total assets and deferred outflow s of resource:     | 5,896,042               | 5,139,436    | 4,499,006                | 4,454,427    | 10,395,048   | 9,593,863    |
| Long-term liabilities outstanding                    | 749,102                 | 293,324      | 542,189                  | 676,099      | 1,291,291    | 969,423      |
| Non-current liabilities                              | 83,239                  | 50,310       | 155,390                  | 155,390      | 238,629      | 205,700      |
| Other liabilities                                    | 75,052                  | 44,181       | 119,456                  | 84,255       | 194,508      | 128,436      |
| Deferred inflow s of resources                       | -                       | 977          | -                        | 1,281        | -            | 2,258        |
| Total liabilities and deferred inflow s of resources | 907,393                 | 388,792      | 817,035                  | 917,025      | 1,724,428    | 1,305,817    |
| Net position:  |                         |              |                          |              |              |              |
| Net investment in capital assets                     | 2,776,823               | 2,620,904    | 2,744,440                | 2,671,587    | 5,521,263    | 5,292,491    |
| Restricted   | 442,904                 | 372,776      | -                        | -            | 442,904      | 372,776      |
| Unrestricted   | 1,768,922               | 1,756,964    | 937,531                  | 865,815      | 2,706,453    | 2,622,779    |
| Total net position                                   | \$ 4,988,649            | \$ 4,750,644 | \$ 3,681,971             | \$ 3,537,402 | \$ 8,670,620 | \$ 8,288,046 |

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 \$8,670,620 as of June 30, 2020. The Town of Mount Pleasant net position *increased* by \$382,574 for the fiscal year ended June 30, 2020. 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, \$433,502 (5%), represents resources that are subject to external restrictions on how they may be used. The Town Board of Commissioners has assigned \$9,402 of net position to provide for future retiree health insurance liability (OPEB). The remaining balance of \$2,706,453 (31%) is unrestricted.

Management Discussion and Analysis  
Town of Mount Pleasant

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

|  | Governmental<br>Activities | Governmental<br>Activities | Business Type<br>Activities | Business Type<br>Activities | Total        | Total        |
|--|----------------------------|----------------------------|-----------------------------|-----------------------------|--------------|--------------|
|  | 2020                       | 2019                       | 2020                        | 2019                        | 2020         | 2019         |
| Revenues:  |                            |                            |                             |                             |              |              |
| Program revenues:  |                            |                            |                             |                             |              |              |
| Charges for services   | \$ 31,640                  | \$ 30,482                  | \$ 1,200,534                | \$ 1,141,247                | \$ 1,232,174 | \$ 1,171,729 |
| Operating grants and contributions                           | 674,655                    | 596,231                    | -                           | -                           | 674,655      | 596,231      |
| General revenues:  |                            |                            |                             |                             |              |              |
| Property taxes   | 767,710                    | 755,467                    | -                           | -                           | 767,710      | 755,467      |
| Other taxes  | -                          | -                          | -                           | -                           | -            | -            |
| Grants and contributions not restricted to specific programs | 379,821                    | 404,288                    | -                           | -                           | 379,821      | 404,288      |
| Other  | 58,430                     | 50,761                     | 6,568                       | 11,966                      | 64,998       | 62,727       |
| Total revenues   | 1,912,256                  | 1,837,229                  | 1,207,102                   | 1,153,213                   | 3,119,358    | 2,990,442    |
| Expenses:  |                            |                            |                             |                             |              |              |
| General government   | 432,845                    | 437,819                    | -                           | -                           | 432,845      | 437,819      |
| Public safety  | 783,027                    | 702,966                    | -                           | -                           | 783,027      | 702,966      |
| Public works   | 398,894                    | 384,475                    | -                           | -                           | 398,894      | 384,475      |
| Culture and recreational                                     | 48,407                     | 67,119                     | -                           | -                           | 48,407       | 67,119       |
| Interest on long-term debt                                   | 11,078                     | 8,115                      | -                           | -                           | 11,078       | 8,115        |
| Water and sewer  | -                          | -                          | 1,062,533                   | 950,820                     | 1,062,533    | 950,820      |
| Total expenses   | 1,674,251                  | 1,600,494                  | 1,062,533                   | 950,820                     | 2,736,784    | 2,551,314    |
| Change in net position                                       | 238,005                    | 236,735                    | 144,569                     | 202,393                     | 382,574      | 439,128      |
| Net position, beginning                                      | 4,750,644                  | 4,513,909                  | 3,537,402                   | 3,335,009                   | 8,288,046    | 7,848,918    |
| Net position, June 30  | \$ 4,988,649               | \$ 4,750,644               | \$ 3,681,971                | \$ 3,537,402                | \$ 8,670,620 | \$ 8,288,046 |

**Governmental activities:** Governmental activities *increased* the Town of Mount Pleasant's net position by \$238,005. 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 \$144,569. Conservative budgeting and 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 \$1,750,564, while total fund balance reached \$1,950,555. The Town Council of the Town of Mount Pleasant has determined that the Town should maintain an available fund balance of 42% of next fiscal year budgeted expenditures in case of unforeseen needs or opportunities. The Town currently has an available fund balance of 91% of the next fiscal year budgeted General Fund expenditures, while total fund balance represents 101% of next fiscal year budgeted General Fund expenditures.

At June 30, 2020, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$2,213,468, a net increase in fund balance of \$113,574. Included in this change in fund balance are increases in fund balance in the General Fund of \$134,542 and Capital Project Fund of \$5,036 and a decrease of \$26,004 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 \$937,531. The total increase in net assets for the fund was \$144,569.



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, 2020, totals \$6,861,279 (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<br>Activities<br>2020 | Governmental<br>Activities<br>2019 | Business-type<br>Activities<br>2020 | Business-type<br>Activities<br>2019 | Total<br>2020       | Total<br>2019       |
|----------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|---------------------|---------------------|
| Land                             | \$ 338,302                         | \$ 237,842                         | \$ 15,685                           | \$ -                                | \$ 353,987          | \$ 237,842          |
| Construction in progress         | 129,740                            | 125,125                            | -                                   | -                                   | 129,740             | 125,125             |
| Land improvements                | 375,585                            | 388,998                            | -                                   | -                                   | 375,585             | 388,998             |
| Buildings and systems            | 998,054                            | 1,041,544                          | 3,215,564                           | 3,322,861                           | 4,213,618           | 4,364,405           |
| Machinery and equipment          | 169,327                            | 162,154                            | 104,305                             | 90,488                              | 273,632             | 252,642             |
| Infrastructure                   | 159,053                            | 167,759                            | -                                   | -                                   | 159,053             | 167,759             |
| Vehicles and motorized equipment | 1,348,551                          | 763,996                            | 7,113                               | 11,854                              | 1,355,664           | 775,850             |
| <b>Total</b>                     | <b>\$ 3,518,612</b>                | <b>\$ 2,887,418</b>                | <b>\$ 3,342,667</b>                 | <b>\$ 3,425,203</b>                 | <b>\$ 6,861,279</b> | <b>\$ 6,312,621</b> |

Additional information on the Town of Mount Pleasant capital assets can be found in note III. A.4 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2020, the Town of Mount Pleasant had total debt outstanding of \$1,340,017. 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<br>Activities |            | Business-type<br>Activities |            | Total        |              |
|-----------------------|----------------------------|------------|-----------------------------|------------|--------------|--------------|
|                       | 2020                       | 2019       | 2020                        | 2019       | 2020         | 2019         |
| Installment Purchases | \$ 741,790                 | \$ 266,513 | \$ 598,227                  | \$ 753,616 | \$ 1,340,017 | \$ 1,020,129 |
| Compensated Absences  | 16,922                     | 17,112     | 19,686                      | 16,086     | 36,608       | 33,198       |
| Net Pension Liability | 66,711                     | 47,103     | 79,666                      | 61,787     | 146,377      | 108,890      |
| Net OPEB Liability    | 6,918                      | 12,906     | -                           | -          | 6,918        | 12,906       |
| Total                 | \$ 832,341                 | \$ 343,634 | \$ 697,579                  | \$ 831,489 | \$ 1,529,920 | \$ 1,175,123 |

The Town of Mount Pleasant's total debt increased by \$354,797 (30%) 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, 2020, the remaining legal debt margin for Town of Mount Pleasant is \$10,902,081.

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, 2021**

**Governmental Activities:**

- Tax rate will remain unchanged at \$0.505 per \$100.
- No pay increase COLA for full-time employees but they will receive a \$500 lump sum payment.
- Town's 401K contribution rate will remain at maximum rate of 5% for all full-time employees.
- 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 \$11.25/hour to \$12.00/hour.
- Continue funding Future Retiree Insurance, \$2,500 in the General Fund based on recent OPEB study.
- Continue Facade Improvement Grant Program \$10,000.
- Rural Fire Tax rate will remain unchanged.
- Transfer \$110,000 for future Fire Station construction/renovation.
- Spend \$20,000 for a one-time National Register Historic Study.

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

**Business – type Activities:**

- Water rates will remain unchanged but sewer rates increase 2.4% due to pass through an increase from WSAAC (Water & Sewer Authority of Cabarrus County).
- Budgeted revenue anticipates a 5% reduction in water and sewer revenues due to the pandemic.
- Major water and sewer projects will be delayed until early fall of 2020 and will depend on available financing options and revenues.
- 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:

**Mrs. Amy Schueneman Town Clerk P. O. Box 787, 8590 Park Drive, Mount Pleasant, North Carolina 704-436-9803 (office) 704-436-2921 (fax) email townhall@mtpleasantnc.us website www.mtpleasantnc.org .**

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF NET POSITION  
June 30, 2020

Exhibit 1

|  | Primary Government         |                             |                     | Town of Mount Pleasant<br>ABC Board |
|--|----------------------------|-----------------------------|---------------------|-------------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total               |                                     |
| <b>Assets</b>  |                            |                             |                     |                                     |
| <b>Current assets:</b>   |                            |                             |                     |                                     |
| Cash and cash equivalents  | \$ 2,085,225               | \$ 817,853                  | \$ 2,903,078        | \$ 28,761                           |
| Taxes receivables (net)  | 7,893                      | -                           | 7,893               | -                                   |
| Accrued interest receivable on taxes                               | 1,829                      | -                           | 1,829               | -                                   |
| Accounts receivable (net)  | 3,698                      | 132,393                     | 136,091             | 12,859                              |
| Internal balances  | (1,991)                    | 1,991                       | -                   | -                                   |
| Due from other governments   | 132,514                    | 8,941                       | 141,455             | -                                   |
| Inventories  | -                          | -                           | -                   | 136,423                             |
| Prepaid items  | -                          | -                           | -                   | 10,262                              |
| Restricted cash  | 66,308                     | 105,050                     | 171,358             | -                                   |
| <b>Total current assets</b>  | <b>2,295,476</b>           | <b>1,066,228</b>            | <b>3,361,704</b>    | <b>188,305</b>                      |
| <b>Non-current assets</b>  |                            |                             |                     |                                     |
| <b>Capital assets</b>  |                            |                             |                     |                                     |
| Land, non-depreciable improvements<br>and construction in progress | 468,042                    | -                           | 468,042             | -                                   |
| Other capital assets net of depreciation                           | 3,050,570                  | 3,342,667                   | 6,393,237           | 9,813                               |
| <b>Total capital assets</b>  | <b>3,518,612</b>           | <b>3,342,667</b>            | <b>6,861,279</b>    | <b>9,813</b>                        |
| <b>Total assets</b>  | <b>5,814,088</b>           | <b>4,408,895</b>            | <b>10,222,983</b>   | <b>198,118</b>                      |
| <b>Deferred outflows of resources</b>                              |                            |                             |                     |                                     |
| OPEB deferrals   | 6,496                      | -                           | 6,496               | -                                   |
| Pension deferrals  | 75,458                     | 90,111                      | 165,569             | 15,853                              |
| <b>Total deferred outflows of resources</b>                        | <b>81,954</b>              | <b>90,111</b>               | <b>172,065</b>      | <b>15,853</b>                       |
| <b>Liabilities</b>   |                            |                             |                     |                                     |
| <b>Current liabilities:</b>  |                            |                             |                     |                                     |
| Accounts payable & accrued liabilities                             | 67,172                     | 11,543                      | 78,715              | 2,879                               |
| Advances from grantors   | 7,105                      | -                           | 7,105               | -                                   |
| Accrued interest payable   | 775                        | 2,863                       | 3,638               | -                                   |
| Customer deposits  | -                          | 80,050                      | 80,050              | -                                   |
| Due to other governments   | -                          | -                           | -                   | 38,267                              |
| Deferred revenue   | -                          | 25,000                      | 25,000              | -                                   |
| Current portion of long-term liabilities                           | 83,239                     | 155,390                     | 238,629             | -                                   |
| <b>Total current liabilities</b>                                   | <b>158,291</b>             | <b>274,846</b>              | <b>433,137</b>      | <b>41,146</b>                       |
| <b>Long-term liabilities:</b>                                      |                            |                             |                     |                                     |
| Due in more than one year  | 749,102                    | 542,189                     | 1,291,291           | 29,767                              |
| <b>Total liabilities</b>   | <b>907,393</b>             | <b>817,035</b>              | <b>1,724,428</b>    | <b>70,913</b>                       |
| <b>Deferred inflows of resources</b>                               |                            |                             |                     |                                     |
| Pension deferrals  | -                          | -                           | -                   | 553                                 |
| <b>Total deferred inflows of resources</b>                         | <b>-</b>                   | <b>-</b>                    | <b>-</b>            | <b>553</b>                          |
| <b>Net position</b>  |                            |                             |                     |                                     |
| Net investment in capital assets                                   | 2,776,823                  | 2,744,440                   | 5,521,263           | 9,813                               |
| <b>Restricted for:</b>   |                            |                             |                     |                                     |
| Capital projects   | 262,913                    | -                           | 262,913             | -                                   |
| Stabilization by State Statute                                     | 136,212                    | -                           | 136,212             | -                                   |
| Other functions  | 43,779                     | -                           | 43,779              | 31,687                              |
| Unrestricted   | 1,768,922                  | 937,531                     | 2,706,453           | 101,005                             |
| <b>Total net position</b>  | <b>\$ 4,988,649</b>        | <b>\$ 3,681,971</b>         | <b>\$ 8,670,620</b> | <b>\$ 142,505</b>                   |

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, 2020

| Functions/Programs   | Expenses     | Program Revenue      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |              |                                  |
|--|--------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|--------------|----------------------------------|
|  |              | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          | Total        | Town of Mount Pleasant ABC Board |
|  |              |                      |                                    |                                  | Governmental Activities                           | Business-type Activities |              |                                  |
| Primary government:  |              |                      |                                    |                                  |   |                          |              |                                  |
| General government   | 432,845      | \$ -                 | \$ -                               | \$ -                             | \$ (432,845)                                      | \$ -                     | \$ (432,845) | \$ -                             |
| Public safety  | 783,027      | -                    | 616,577                            | -                                | (166,450)   | -                        | (166,450)    | -                                |
| Public works   | 398,894      | 31,640               | 58,078                             | -                                | (309,176)   | -                        | (309,176)    | -                                |
| Cultural and recreational                                    | 48,407       | -                    | -                                  | -                                | (48,407)  | -                        | (48,407)     | -                                |
| Interest on long-term debt                                   | 11,078       | -                    | -                                  | -                                | (11,078)  | -                        | (11,078)     | -                                |
| Total governmental activities                                | 1,674,251    | 31,640               | 674,655                            | -                                | (967,956)   | -                        | (967,956)    | -                                |
| Business-type activities                                     |              |                      |                                    |                                  |   |                          |              |                                  |
| Water and sewer  | 1,062,533    | 1,200,534            | -                                  | -                                | -   | 138,001                  | 138,001      | -                                |
| Total business-type activities                               | 1,062,533    | 1,200,534            | -                                  | -                                | -   | 138,001                  | 138,001      | -                                |
| Total primary government                                     | 2,736,784    | 1,232,174            | 674,655                            | -                                | (967,956)   | 138,001                  | (829,955)    | -                                |
| Component unit   |              |                      |                                    |                                  |   |                          |              |                                  |
| ABC Board  | 1,063,311    | 1,066,883            | -                                  | -                                | -   | -                        | -            | 3,572                            |
| Total component unit   | \$ 1,063,311 | \$ 1,066,883         | \$ -                               | \$ -                             | -   | -                        | -            | 3,572                            |
| General Revenues:  |              |                      |                                    |                                  |   |                          |              |                                  |
| Taxes:   |              |                      |                                    |                                  |   |                          |              |                                  |
| Property taxes, levied for general purposes                  |              |                      |                                    |                                  | 767,710   | -                        | 767,710      | -                                |
| Grants and contributions not restricted to specific programs |              |                      |                                    |                                  | 379,821   | -                        | 379,821      | -                                |
| Unrestricted investment earnings                             |              |                      |                                    |                                  | 17,966  | 9,068                    | 27,034       | 19                               |
| Miscellaneous, unrestricted                                  |              |                      |                                    |                                  | 32,146  | -                        | 32,146       | 978                              |
| Gain on insurance recovery                                   |              |                      |                                    |                                  | 5,818   | -                        | 5,818        | -                                |
| Total general revenues not including transfers               |              |                      |                                    |                                  | 1,203,461   | 9,068                    | 1,212,529    | 997                              |
| Transfers  |              |                      |                                    |                                  | 2,500   | (2,500)                  | -            | -                                |
| Total general revenues and transfers                         |              |                      |                                    |                                  | 1,205,961   | 6,568                    | 1,212,529    | 997                              |
| Changes in net position                                      |              |                      |                                    |                                  | 238,005   | 144,569                  | 382,574      | 4,569                            |
| Net position, beginning                                      |              |                      |                                    |                                  | 4,750,644   | 3,537,402                | 8,288,046    | 137,936                          |
| Net position, ending   |              |                      |                                    |                                  | \$ 4,988,649                                      | \$ 3,681,971             | \$ 8,670,620 | \$ 142,505                       |

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

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

Exhibit 3

|   | General<br>Fund     | Capital Reserve<br>Fund | Capital Project<br>Fund | Total<br>Governmental<br>Funds |
|---|---------------------|-------------------------|-------------------------|--------------------------------|
| <b>Assets</b>   |                     |                         |                         |                                |
| Cash and cash equivalents   | \$ 1,822,312        | \$ 67,023               | \$ 195,890              | \$ 2,085,225                   |
| Restricted cash   | 66,308              | -                       | -                       | 66,308                         |
| Receivables (net)   |                     |                         |                         |                                |
| Property taxes  | 7,893               | -                       | -                       | 7,893                          |
| Accounts  | 3,698               | -                       | -                       | 3,698                          |
| Due from other government   | 132,514             | -                       | -                       | 132,514                        |
| <b>Total assets</b>   | <u>2,032,725</u>    | <u>67,023</u>           | <u>195,890</u>          | <u>2,295,638</u>               |
| <b>Liabilities and fund balances</b>                                      |                     |                         |                         |                                |
| <b>Liabilities</b>  |                     |                         |                         |                                |
| Accounts payable and accrued liabilities                                  | 35,241              | -                       | -                       | 35,241                         |
| Custody account liability   | 31,931              | -                       | -                       | 31,931                         |
| Advances from grantors  | 7,105               | -                       | -                       | 7,105                          |
| Due to other funds  | -                   | -                       | -                       | -                              |
| <b>Total liabilities</b>  | <u>74,277</u>       | <u>-</u>                | <u>-</u>                | <u>74,277</u>                  |
| <b>Deferred inflows of resources</b>                                      |                     |                         |                         |                                |
| Property taxes receivable   | 7,893               | -                       | -                       | 7,893                          |
| <b>Total deferred inflows of resources</b>                                | <u>7,893</u>        | <u>-</u>                | <u>-</u>                | <u>7,893</u>                   |
| <b>Fund balances</b>  |                     |                         |                         |                                |
| Restricted  |                     |                         |                         |                                |
| Stabilization by State statute  | 136,212             | -                       | -                       | 136,212                        |
| Streets   | 34,377              | -                       | -                       | 34,377                         |
| Capital reserve   | -                   | 67,023                  | -                       | 67,023                         |
| Capital project   | -                   | -                       | 195,890                 | 195,890                        |
| Assigned  |                     |                         |                         |                                |
| Subsequent year's expenditures  | 20,000              | -                       | -                       | 20,000                         |
| Retiree health insurance  | 9,402               | -                       | -                       | 9,402                          |
| Unassigned  | 1,750,564           | -                       | -                       | 1,750,564                      |
| <b>Total fund balances</b>  | <u>1,950,555</u>    | <u>67,023</u>           | <u>195,890</u>          | <u>2,213,468</u>               |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <u>\$ 2,032,725</u> | <u>\$ 67,023</u>        | <u>\$ 195,890</u>       | <u>\$ 2,295,638</u>            |

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

Exhibit 3

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

|   |                    |                     |
|---|--------------------|---------------------|
| Total fund balances governmental funds  |                    | \$ 2,213,468        |
| Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.   |                    |                     |
| Gross capital assets at historical cost   | \$ 6,498,245       |                     |
| Accumulated depreciation  | <u>(2,979,633)</u> | 3,518,612           |
| Effect of pension accruals on internal balances   |                    | (1,991)             |
| Deferred outflows of resources related to OPEB are not reported in the funds  |                    | 6,496               |
| Deferred outflows of resources related to pensions are not reported in the funds  |                    | 75,458              |
| 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. |                    | 1,829               |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements   |                    | 7,893               |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds  |                    |                     |
| Gross long-term debt beginning  | (326,522)          |                     |
| Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)  | (415,268)          |                     |
| Net pension liability   | (66,711)           |                     |
| OPEB liability  | <u>(6,918)</u>     | (815,419)           |
| Deferred inflows of resources related to pensions   |                    |                     |
| Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.  |                    |                     |
| Compensated absences  | (16,922)           |                     |
| Accrued interest  | <u>\$ (775)</u>    | (17,697)            |
| Net position of governmental activities   |                    | <u>\$ 4,988,649</u> |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

Exhibit 4

|  | General<br>Fund     | Capital Reserve<br>Fund | Capital Project<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------------|-------------------------|--------------------------------|
| Revenues:                                  |                     |                         |                         |                                |
| Ad valorem taxes                           | \$ 777,854          | \$ -                    | \$ -                    | \$ 777,854                     |
| Unrestricted intergovernmental             | 399,584             | -                       | -                       | 399,584                        |
| Sales, permits, and fees                   | 31,640              | -                       | -                       | 31,640                         |
| Restricted intergovernmental               | 58,078              | -                       | -                       | 58,078                         |
| Restricted intergovernmental-public safety | 616,578             | -                       | -                       | 616,578                        |
| Investment earnings                        | 17,818              | 37                      | 111                     | 17,966                         |
| Other revenues                             | 28,991              | -                       | -                       | 28,991                         |
| Total revenues                             | <u>1,930,543</u>    | <u>37</u>               | <u>111</u>              | <u>1,930,691</u>               |
| Expenditures:                              |                     |                         |                         |                                |
| Current                                    |                     |                         |                         |                                |
| General government                         | 399,043             | 10                      | -                       | 399,053                        |
| Public safety                              | 1,361,532           | -                       | 105,075                 | 1,466,607                      |
| Public works                               | 390,598             | -                       | -                       | 390,598                        |
| Cultural and recreational                  | 36,624              | -                       | -                       | 36,624                         |
| Debt service                               |                     |                         |                         |                                |
| Principal                                  | 101,895             | -                       | -                       | 101,895                        |
| Interest                                   | 11,271              | -                       | -                       | 11,271                         |
| Total expenditures                         | <u>2,300,963</u>    | <u>10</u>               | <u>105,075</u>          | <u>2,406,048</u>               |
| Revenues over (under) expenditures         | <u>(370,420)</u>    | <u>27</u>               | <u>(104,964)</u>        | <u>(475,357)</u>               |
| Other financing sources (uses):            |                     |                         |                         |                                |
| Transfers to capital projects              | (140,000)           | 30,000                  | 110,000                 | -                              |
| Transfers from proprietary fund            | 2,500               | -                       | -                       | 2,500                          |
| Transfers from capital reserve fund        | 56,031              | (56,031)                | -                       | -                              |
| Proceeds from sale of assets               | 3,156               | -                       | -                       | 3,156                          |
| Insurance recovery                         | 5,818               | -                       | -                       | 5,818                          |
| Installment loan obligation issued         | 577,457             | -                       | -                       | 577,457                        |
| Total other financing sources (uses)       | <u>504,962</u>      | <u>(26,031)</u>         | <u>110,000</u>          | <u>588,931</u>                 |
| Net change in fund balance                 | <u>134,542</u>      | <u>(26,004)</u>         | <u>5,036</u>            | <u>113,574</u>                 |
| Fund balances, beginning                   | <u>1,816,013</u>    | <u>93,027</u>           | <u>190,854</u>          | <u>2,099,894</u>               |
| Fund balances, ending                      | <u>\$ 1,950,555</u> | <u>\$ 67,023</u>        | <u>\$ 195,890</u>       | <u>\$ 2,213,468</u>            |



TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

Exhibit 4

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

|   |    |                  |                   |
|---|----|------------------|-------------------|
| Net changes in fund balances-total governmental funds   |    | \$               | 113,574           |
| Governmental funds report capital outlays as expenditures.<br>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  | \$ | 843,698          |                   |
| Depreciation expense  |    | <u>(212,502)</u> | 631,196           |
| OPEB benefit payments made in the current year not included on the Statement of Activities  |    |                  | 2,114             |
| Contributions to the pension plan in the current fiscal year not included on the Statement of Activities  |    |                  | 9,524             |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |    |                  |                   |
| Change in component revenue measurable but not available  |    | (19,763)         |                   |
| Change in unavailable revenues for tax revenues   |    | <u>(10,144)</u>  | (29,907)          |
| 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 in the treatment of long-term debt and related items. |    |                  |                   |
| New long-term debt issued   |    | (577,457)        |                   |
| Principal payments on long term debt  |    | 102,180          |                   |
| Decrease in accrued interest payable  |    | <u>192</u>       | (475,085)         |
| 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  |    | 190              |                   |
| Pension expense   |    | (19,589)         |                   |
| OPEB plan expense   |    | <u>5,988</u>     | (13,411)          |
| Total change in net position of governmental activities   |    |                  | <u>\$ 238,005</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, 2020

Exhibit 5

|   | Budget     |            | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------|------------|--------------|---|
|   | Original   | Final      |              |   |
| Revenues:                                   |            |            |              |   |
| Ad valorem taxes                            | \$ 755,000 | \$ 755,000 | \$ 777,854   | \$ 22,854   |
| Unrestricted intergovernmental              | 366,000    | 366,000    | 399,584      | 33,584  |
| Sales, permits and fees                     | 28,000     | 28,000     | 31,640       | 3,640   |
| Restricted intergovernmental                | 51,000     | 51,000     | 58,078       | 7,078   |
| Restricted intergovernmental -public safety | 598,042    | 598,042    | 616,578      | 18,536  |
| Investment earnings                         | 20,000     | 20,000     | 17,818       | (2,182)   |
| Other revenues                              | 38,700     | 38,700     | 28,991       | (9,709)   |
| Total revenues                              | 1,856,742  | 1,856,742  | 1,930,543    | 73,801  |
| Expenditures:                               |            |            |              |   |
| Current                                     |            |            |              |   |
| General government                          | 475,362    | 477,862    | 399,043      | 78,819  |
| Public safety                               | 861,960    | 1,535,236  | 1,361,532    | 173,704   |
| Public works                                | 406,382    | 406,382    | 390,598      | 15,784  |
| Cultural and recreational                   | 67,000     | 67,000     | 36,624       | 30,376  |
| Debt service                                |            |            |              |   |
| Principal                                   | 54,159     | 105,765    | 101,895      | 3,870   |
| Interest                                    | 6,879      | 11,273     | 11,271       | 2   |
| Total expenditures                          | 1,871,742  | 2,603,518  | 2,300,963    | 302,555   |
| Revenues over (under) expenditures          | (15,000)   | (746,776)  | (370,420)    | 376,356   |
| Other financing sources (uses):             |            |            |              |   |
| Transfer to other funds                     | (110,000)  | (140,000)  | (140,000)    | -   |
| Transfer from proprietary fund              | -          | 2,500      | 2,500        | -   |
| Transfer from capital reserve general fund  | -          | 58,000     | 56,031       | (1,969)   |
| Proceeds from sale of assets                | -          | 3,155      | 3,156        | 1   |
| Insurance recovery                          | -          | 5,818      | 5,818        | -   |
| Installment loan obligation issued          | -          | 580,000    | 577,457      | (2,543)   |
| Total other financing sources (uses)        | (110,000)  | 509,473    | 504,962      | (4,511)   |
| Fund balance appropriated                   | 125,000    | 237,303    | -            | (237,303)   |
| Net change in fund balances                 | \$ -       | \$ -       | 134,542      | \$ 134,542  |
| Fund balances, beginning                    |            |            | 1,816,013    |   |
| Fund balances, ending                       |            |            | \$ 1,950,555 |   |

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
June 30, 2020

Exhibit 6

| Assets                                   | <u>Water and<br/>Sewer Fund</u> | <u>Total<br/>Proprietary<br/>Funds</u> |
|--|---------------------------------|--|
| Current assets:                          |                                 |  |
| Cash and cash equivalents                | \$ 817,853                      | \$ 817,853                             |
| Accounts receivable (net)-billed         | 101,720                         | 101,720                                |
| Accounts receivable (net)-unbilled       | 30,673                          | 30,673                                 |
| Due from other governments               | 8,941                           | 8,941                                  |
| Due from other funds                     | 1,991                           | 1,991                                  |
| Restricted cash                          | <u>105,050</u>                  | <u>105,050</u>                         |
| Total current assets                     | <u>1,066,228</u>                | <u>1,066,228</u>                       |
| Noncurrent assets                        |                                 |  |
| Capital assets:                          |                                 |  |
| Fixed assets (net)                       | <u>3,342,667</u>                | <u>3,342,667</u>                       |
| Total noncurrent assets                  | <u>3,342,667</u>                | <u>3,342,667</u>                       |
| Total assets                             | <u>4,408,895</u>                | <u>4,408,895</u>                       |
| Deferred outflows of resources           |                                 |  |
| Pension deferrals                        | <u>90,111</u>                   | <u>90,111</u>                          |
| Total deferred outflows of resources     | <u>90,111</u>                   | <u>90,111</u>                          |
| Liabilities                              |                                 |  |
| Current liabilities:                     |                                 |  |
| Accounts payable and accrued liabilities | 14,406                          | 14,406                                 |
| Customer deposits                        | 80,050                          | 80,050                                 |
| Deferred revenue                         | 25,000                          | 25,000                                 |
| Notes payable-current                    | <u>155,390</u>                  | <u>155,390</u>                         |
| Total current liabilities                | <u>274,846</u>                  | <u>274,846</u>                         |
| Noncurrent liabilities:                  |                                 |  |
| Net pension liability                    | 79,666                          | 79,666                                 |
| Compensated absences                     | 19,686                          | 19,686                                 |
| Notes payable-noncurrent                 | <u>442,837</u>                  | <u>442,837</u>                         |
| Total noncurrent liabilities             | <u>542,189</u>                  | <u>542,189</u>                         |
| Total liabilities                        | <u>817,035</u>                  | <u>817,035</u>                         |
| Net position                             |                                 |  |
| Net investment in capital assets         | 2,744,440                       | 2,744,440                              |
| Unrestricted                             | <u>937,531</u>                  | <u>937,531</u>                         |
| Total net position                       | <u>\$ 3,681,971</u>             | <u>\$ 3,681,971</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, 2020

Exhibit 7

|  | Water and<br>Sewer Fund    | Total<br>Proprietary<br>Funds |
|--|----------------------------|-------------------------------|
| Operating revenues:                              |                            |                               |
| Charges for services                             | \$ 1,130,959               | \$ 1,130,959                  |
| Water and sewer taps                             | 18,284                     | 18,284                        |
| FEMA grant for dam repairs                       | 14,652                     | 14,652                        |
| Other operating revenues                         | 36,639                     | 36,639                        |
| Total operating revenues                         | <u>1,200,534</u>           | <u>1,200,534</u>              |
| Operating expenses:                              |                            |                               |
| Billing and administration                       | 197,755                    | 197,755                       |
| Public works facility                            | 23,994                     | 23,994                        |
| Water distribution                               | 128,234                    | 128,234                       |
| Water treatment plant                            | 279,411                    | 279,411                       |
| Sewer collection                                 | 285,066                    | 285,066                       |
| Depreciation                                     | 128,593                    | 128,593                       |
| Total operating expenses                         | <u>1,043,053</u>           | <u>1,043,053</u>              |
| Operating income (loss)                          | <u>157,481</u>             | <u>157,481</u>                |
| Nonoperating revenues (expenses):                |                            |                               |
| Investment earnings                              | 9,068                      | 9,068                         |
| Interest paid on long-term debt                  | (19,480)                   | (19,480)                      |
| Net nonoperating revenues (expenses)             | <u>(10,412)</u>            | <u>(10,412)</u>               |
| Income (loss) before contributions and transfers | 147,069                    | 147,069                       |
| Transfer to other funds                          | (2,500)                    | (2,500)                       |
| Change in net position                           | 144,569                    | 144,569                       |
| Total net position, beginning                    | <u>3,537,402</u>           | <u>3,537,402</u>              |
| Total net position, ending                       | <u><u>\$ 3,681,971</u></u> | <u><u>\$ 3,681,971</u></u>    |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2020

Exhibit 8

|   | Water and<br>Sewer Fund  | Total<br>Proprietary<br>Funds |
|---|--------------------------|-------------------------------|
| Cash flows from operating activities:   |                          |                               |
| Cash received from customers and users  | \$ 1,206,517             | \$ 1,206,517                  |
| Cash paid for goods and services  | (586,421)                | (586,421)                     |
| Cash paid to employees for services   | (313,537)                | (313,537)                     |
| Customer deposits received and returned   | 4,098                    | 4,098                         |
| Net cash provided by (used in) operating activities                                     | <u>310,657</u>           | <u>310,657</u>                |
| Cash flows from noncapital financing activities:  |                          |                               |
| Increase (decrease) in amounts due from General Fund                                    | <u>1,916</u>             | <u>1,916</u>                  |
| Net cash provided by (used in) capital and related financing activities                 | <u>1,916</u>             | <u>1,916</u>                  |
| Cash flows from capital and related financing activities:                               |                          |                               |
| Acquisition and construction of capital assets  | (46,058)                 | (46,058)                      |
| Principal paid on debt  | (155,390)                | (155,390)                     |
| Interest paid on debt   | (20,242)                 | (20,242)                      |
| Increase (decrease) in deferred revenues  | 25,000                   | 25,000                        |
| Transfer to other funds   | (2,500)                  | (2,500)                       |
| Net cash provided by (used in) capital and related financing activities                 | <u>(199,190)</u>         | <u>(199,190)</u>              |
| Cash flows from investing activities:   |                          |                               |
| Interest on investments   | <u>9,068</u>             | <u>9,068</u>                  |
| Net increase (decrease) in cash and cash equivalents                                    | 122,451                  | 122,451                       |
| Cash and cash equivalents at beginning of year  | <u>800,452</u>           | <u>800,452</u>                |
| Cash and cash equivalents at end of year  | <u><u>922,903</u></u>    | <u><u>922,903</u></u>         |
| Reconciliation of operating income to net cash provided by operating activities:        |                          |                               |
| Operating income (loss)   | <u>157,481</u>           | <u>157,481</u>                |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                          |                               |
| Depreciation and amortization   | 128,593                  | 128,593                       |
| Change in assets and liabilities:   |                          |                               |
| (Increase) decrease in accounts receivable  | 5,983                    | 5,983                         |
| (Increase) decrease in deferred outflows of resources for pensions                      | (3,622)                  | (3,622)                       |
| (Increase) decrease in due from other governments                                       | (8,941)                  | (8,941)                       |
| Increase (decrease) in accounts payable and accrued liabilities                         | 6,868                    | 6,868                         |
| Increase (decrease) in customer deposits  | 4,098                    | 4,098                         |
| Increase (decrease) in compensated absences   | 3,600                    | 3,600                         |
| Increase (decrease) in net pension liability  | 17,878                   | 17,878                        |
| Increase (decrease) in deferred inflows of resources for pensions                       | (1,281)                  | (1,281)                       |
| Total adjustments   | <u>153,176</u>           | <u>153,176</u>                |
| Net cash provided by (used in) operating activities                                     | <u><u>\$ 310,657</u></u> | <u><u>\$ 310,657</u></u>      |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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 Towns' 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, 2020

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

Capital 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, 2020

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, 2020, 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 transfer amounts between funds. All amendments must be approved by the governing board. 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 generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, 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, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.



TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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<br>General Fund           | Streets           |  | \$34,377         |
|   | Public safety     |  | <u>31,931</u>    |
|   |                   |  | <u>\$66,308</u>  |
| Business -type Activities<br>Water and Sewer Fund | Customer deposits |  | \$80,050         |
|   | Deferred revenue  |  | <u>25,000</u>    |
|   |                   |  | <u>\$105,050</u> |
| Total Restricted Cash                             |                   |  | <u>\$171,358</u> |

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, 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 expensed when consumed rather than when purchased.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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.

| Asset Class             | Estimated<br>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 two items that meets this criterion, OPEB and pension deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – 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, 2020

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 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, 2020

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, 2020

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, 2020

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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town 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, 2020, the Town's deposits had a carrying amount of \$2,215,031 and a bank balance of \$2,266,016 of which \$314,103 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 \$28,761 and a bank balance of \$42,788 all of which was covered by federal depository insurance. At June 30, 2020 the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2020 the Town of Mount Pleasant had \$859,205 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

The ABC Board owned no investments at June 30, 2020.

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, 2020 is net of the following allowances for doubtful accounts:

|                      |                 |
|----------------------|-----------------|
| General Fund         |                 |
| Taxes receivable     | \$585           |
| Water and Sewer Fund |                 |
| Accounts receivable  | <u>37,564</u>   |
| Total                | <u>\$38,149</u> |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

|   | Beginning<br>Balances | Increases  | Decreases | Ending<br>Balances |
|---|-----------------------|------------|-----------|--------------------|
| Governmental activities:                    |                       |            |           |                    |
| Capital assets not being depreciated        |                       |            |           |                    |
| Land  | \$ 237,842            | \$ 100,460 | \$ -      | \$ 338,302         |
| Construction in progress                    | 125,125               | 4,615      | -         | 129,740            |
| Total capital assets not being depreciated  | 362,967               | 105,075    | -         | 468,042            |
| Capital assets being depreciated:           |                       |            |           |                    |
| Buildings                                   | 1,708,263             | -          | -         | 1,708,263          |
| Equipment                                   | 570,463               | 30,000     | -         | 600,463            |
| Land improvements                           | 402,412               | -          | -         | 402,412            |
| Vehicles and motorized equipment            | 2,400,534             | 708,621    | 51,247    | 3,057,908          |
| Infrastructure                              | 261,157               | -          | -         | 261,157            |
| Total capital assets being depreciated      | 5,342,829             | 738,621    | 51,247    | 6,030,203          |
| Less accumulated depreciation for:          |                       |            |           |                    |
| Buildings                                   | 666,719               | 43,490     | -         | 710,209            |
| Equipment                                   | 408,309               | 22,827     | -         | 431,136            |
| Land improvements                           | 13,414                | 13,413     | -         | 28,827             |
| Vehicles and motorized equipment            | 1,636,538             | 124,066    | 51,247    | 1,709,357          |
| Infrastructure                              | 93,398                | 8,706      | -         | 102,104            |
| Total accumulated depreciation              | 2,818,378             | \$212,502  | \$51,247  | 2,979,633          |
| Total capital assets being depreciated, net | 2,524,451             |            |           | 3,050,570          |
| Governmental activity capital assets, net   | <u>\$2,887,418</u>    |            |           | <u>\$3,518,612</u> |

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

|                            |                  |
|----------------------------|------------------|
| General government         | \$ 36,691        |
| Cultural and recreational  | 11,783           |
| Environmental protection   | 12,639           |
| Public safety              | 129,469          |
| Public works               | 21,920           |
| Total depreciation expense | <u>\$212,502</u> |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

4. Capital Assets-continued

|  | Beginning<br>Balances | Increases  | Decreases | Ending Balances |
|--|-----------------------|------------|-----------|-----------------|
| Business-type activities:                    |                       |            |           |                 |
| Water and Sewer Fund                         |                       |            |           |                 |
| Capital assets not being depreciated         |                       |            |           |                 |
| Land   | \$ -                  | \$ 15,684  | \$ -      | \$ 15,684       |
| Capital assets being depreciated:            |                       |            |           |                 |
| Buildings                                    | 613,604               | -          | -         | \$ 613,604      |
| Equipment                                    | 162,952               | 30,373     | -         | 193,325         |
| Motor vehicles                               | 38,451                | -          | -         | 38,451          |
| Water system                                 | 2,228,719             | -          | -         | 2,228,719       |
| Sewer system                                 | 2,408,757             | -          | -         | 2,408,757       |
| Total capital assets being depreciated       | 5,452,483             | 30,373     | -         | 5,482,856       |
| Less accumulated depreciation for:           |                       |            |           |                 |
| Buildings                                    | 111,096               | 14,545     | -         | 125,641         |
| Equipment                                    | 72,464                | 16,556     | -         | 89,020          |
| Motor vehicles                               | 26,597                | 4,742      | -         | 31,339          |
| Water system                                 | 1,025,617             | 44,575     | -         | 1,070,192       |
| Sewer system                                 | 791,506               | 48,175     | -         | 839,681         |
| Total accumulated depreciation               | 2,027,280             | \$ 128,593 | \$ -      | 2,155,873       |
| Total capital assets being depreciated, net  | 3,425,203             |            |           | 3,326,983       |
| Business-type activities capital assets, net | \$3,425,203           |            |           | \$3,342,667     |

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2020, was as follows:

|  | Beginning<br>Balances | Increases | Decreases | Ending<br>Balances |
|--|-----------------------|-----------|-----------|--------------------|
| Capital assets being depreciated:      |                       |           |           |                    |
| Furniture and equipment                | \$ 26,708             | \$ 8,334  | \$ -      | \$ 35,042          |
| Leasehold improvements                 | 16,870                | -         | -         | 16,870             |
| Total capital assets being depreciated | 43,578                | 8,334     | -         | 51,912             |
| Less accumulated depreciation for:     |                       |           |           |                    |
| Furniture and equipment                | 23,025                | 2,326     | -         | 25,351             |
| Leasehold improvements                 | 16,614                | 134       | -         | 16,748             |
| Total accumulated depreciation         | 39,639                | \$ 2,460  | \$ -      | 42,099             |
| ABC, capital assets, net               | \$ 3,939              |           |           | \$ 9,813           |



TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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](http://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, 2020, 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 \$64,662 and for the ABC Board \$2,018 for the year ended June 30, 2020.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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, 2020, the Town and the ABC Board reported a liability of \$146,377 and \$29,767, respectively for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's and 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, 2019, the Town's proportion was 0.00536%, which was an increase of 0.00077% from its proportion measured as of June 30, 2018. At June 30, 2019, the ABC Board's proportion was 0.00109%, which was an increase of 0.00032% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$86,747. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 25,064                         | \$ -                             |
| Changes of assumptions   | 23,857                            | -                                |
| Net difference between projected and actual earnings on<br>pension plan investments                          | 3,570                             | -                                |
| Changes in proportion and differences between Town<br>contributions and proportionate share of contributions | 48,416                            | -                                |
| Town contributions subsequent to the measurement date  | 64,662                            | -                                |
| Total  | \$ 165,569                        | \$ -                             |

The Town reported \$64,662 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|            |            |
|------------|------------|
| 2021       | \$ 42,309  |
| 2022       | 23,056     |
| 2023       | 25,513     |
| 2024       | 10,029     |
| 2025       | -          |
| Thereafter | -          |
| Total      | \$ 100,907 |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

a. Local Governmental Employees' Retirement System-continued

For the year ended June 30, 2020, the ABC Board recognized pension expense of \$13,804. At June 30, 2020, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 5,097                          | \$ -                             |
| Changes of assumptions   | 4,852                             | -                                |
| Net difference between projected and actual earnings on pension plan investments                           | 726                               | -                                |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 3,160                             | 553                              |
| Board contributions subsequent to the measurement date   | 2,018                             | -                                |
| Total  | <u>\$ 15,853</u>                  | <u>\$ 553</u>                    |

The ABC Board reported \$2,018 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

|       |                  |
|-------|------------------|
| 2021  | \$ 5,795         |
| 2022  | 2,263            |
| 2023  | 3,707            |
| 2024  | 1,518            |
| Total | <u>\$ 13,283</u> |

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

|                           |   |
|---------------------------|---|
| Inflation                 | 3.0 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2018.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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:

|   | 1%<br>Decrease<br>(6.00%) | Discount<br>Rate (7.00%) | 1% Increase<br>(8.00%) |
|---|---------------------------|--------------------------|------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 334,792                | \$ 146,377               | \$ (10,233)            |

*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:

|  | 1%<br>Decrease<br>(6.00%) | Discount<br>Rate (7.00%) | 1% Increase<br>(8.00%) |
|--|---------------------------|--------------------------|------------------------|
| Board's proportionate share of the net pension liability (asset) | \$ 68,083                 | \$ 29,767                | \$ (2,081)             |

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 5% 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, 2020 were \$30,238, which consisted of \$21,059 from the Town and \$9,179 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, 2020

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  | \$ 21,059 | \$ 86,747 | \$ 107,806 |
| Pension liability  | n/a       | 146,377   | 146,377    |
| Proportionate share of the net pension liability   | n/a       | 0.00536%  |            |
| Deferred outflows of resources   |           |           |            |
| Difference between expected and actual experience  | -         | 25,064    | 25,064     |
| Changes of assumptions   | -         | 23,857    | 23,857     |
| Net difference between projected and actual earnings on plan investments                             | -         | 3,570     | 3,570      |
| Changes in proportion and differences between contributions and proportional share of contributions  | -         | 48,416    | 48,416     |
| Benefit payments and administrative costs paid subsequent to the measurement date                    | -         | 64,662    | 64,662     |
| Deferred inflows of resources  |           |           |            |
| Difference between expected and actual experience  | -         | -         | -          |
| 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 | -         | -         | -          |

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, 2020

d. Other Postemployment Benefit-continued

**Total OPEB Liability**

The Town's total OPEB liability of \$6,918 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs.

The total OPEB liability in the June 30, 2019 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 3.5 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, 2018          | \$ 12,906       |
| Service Cost at the end of the year               | -               |
| Interest on TOL and Cash Flows                    | 383             |
| Change in benefit terms                           | -               |
| Difference between expected and actual experience | (204)           |
| Change of assumptions or other inputs             | 13              |
| Benefit payments                                  | (6,180)         |
| Total OPEB Liability as of June 30, 2019          | <u>\$ 6,918</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 (2.5 percent) or one percentage point higher (4.5 percent) than the current discount rate:

|                      | 1%<br>Decrease<br>(2.5%) | Discount<br>Rate (3.5%) | 1% Increase<br>(4.5%) |
|----------------------|--------------------------|-------------------------|-----------------------|
| Total OPEB Liability | \$ 6,952                 | \$ 6,918                | \$ 6,884              |

*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%<br>Decrease<br>(6.25%) | Current Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|----------------------|---------------------------|-------------------------|------------------------|
| Total OPEB Liability | \$ 6,858                  | \$ 6,918                | \$ 6,978               |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

d. Other Postemployment Benefit-continued

For the year ended June 30, 2020, the Town recognized OPEB expense of \$192. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ -                              | \$ -                             |
| Town benefit payments subsequent to measurement date | 6,496                             | -                                |
| Changes in assumptions or other inputs               | -                                 | -                                |
| Total  | <u>\$ 6,496</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  | \$ 64,662         |
| OPEB benefit payments in current fiscal year  | 6,496             |
| Difference between expected and actual experience   | 25,064            |
| Changes of assumptions  | 23,857            |
| Net difference between projected and actual   | 3,570             |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 48,416            |
| Total   | <u>\$ 172,065</u> |

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

|   | Statement of<br>Net Position | General Fund<br>Balance Sheet |
|---|------------------------------|-------------------------------|
| Taxes receivable (General Fund)   | \$ -                         | \$ 7,893                      |
| Difference between expected and actual experience   | -                            | -                             |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | -                            | -                             |
| Total   | <u>\$ -</u>                  | <u>\$ 7,893</u>               |



TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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, 2020. 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 Risk 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, 2020.

At June 30, 2020, the Town of Mount Pleasant had a remaining legal debt margin of \$10,902,081.

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, 2020, including interest of \$19,443, are as follows:

| Year Ending<br>June 30 | Business-type activities<br>Principal | Interest        |
|------------------------|---------------------------------------|-----------------|
| 2021                   | \$ 73,094                             | \$ 7,777        |
| 2022                   | 73,094                                | 5,833           |
| 2023                   | 73,094                                | 3,889           |
| 2024                   | 73,095                                | 1,944           |
|                        | <u>\$292,377</u>                      | <u>\$19,443</u> |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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, 2020, including interest of \$15,684, are as follows:

| Year Ending<br>June 30 | Business-type activities |                 |
|------------------------|--------------------------|-----------------|
|                        | Principal                | Interest        |
| 2021                   | \$ 58,962                | \$ 6,274        |
| 2022                   | 58,962                   | 4,705           |
| 2023                   | 58,962                   | 3,137           |
| 2024                   | 58,963                   | 1,568           |
|                        | <u>\$235,849</u>         | <u>\$15,684</u> |

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, 2020, including interest of \$9,375 are as follows:

| Year Ending<br>June 30 | Governmental activities |                |
|------------------------|-------------------------|----------------|
|                        | Principal               | Interest       |
| 2021                   | \$ 23,333               | \$ 2,344       |
| 2022                   | 23,333                  | 1,674          |
| 2023                   | 23,333                  | 1,005          |
| 2024                   | 23,334                  | 334            |
|                        | <u>\$ 93,333</u>        | <u>\$5,357</u> |

| Year Ending<br>June 30 | Business-type activities |                |
|------------------------|--------------------------|----------------|
|                        | Principal                | Interest       |
| 2021                   | \$ 23,333                | \$ 2,009       |
| 2022                   | 23,333                   | 1,339          |
| 2023                   | 23,334                   | 670            |
|                        | <u>\$70,000</u>          | <u>\$4,018</u> |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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, 2020, including interest of \$7,720, are as follows:

| Year Ending<br>June 30 | Governmental activities |                |
|------------------------|-------------------------|----------------|
|                        | Principal               | Interest       |
| 2021                   | \$ 27,726               | \$ 3,095       |
| 2022                   | 28,496                  | 2,324          |
| 2023                   | 29,288                  | 1,532          |
| 2024                   | 30,102                  | 719            |
| 2025                   | 7,282                   | 50             |
|                        | <u>\$122,894</u>        | <u>\$7,720</u> |

f. Installment Purchase-Fire Truck

On January 30, 2020, the Town entered into an installment purchase contract for \$577,457 to finance the purchase of a fire truck. The financing contract requires quarterly payment of principal and interest, which begins on April 22, 2020. The contract requires 60 payments at the interest rate of 3.01%.

The total future minimum payments of the installment purchase (including amounts disbursed in the next fiscal year) as of June 30, 2020, including interest of \$114,814, are as follows:

| Year Ending<br>June 30 | Governmental activities |                  |
|------------------------|-------------------------|------------------|
|                        | Principal               | Interest         |
| 2021                   | \$ 32,155               | \$ 15,964        |
| 2022                   | 33,645                  | 14,474           |
| 2023                   | 34,669                  | 13,450           |
| 2024                   | 35,725                  | 12,395           |
| 2025                   | 36,812                  | 11,307           |
| 2026-2030              | 201,568                 | 39,028           |
| 2031-2036              | 150,989                 | 8,196            |
|                        | <u>\$525,563</u>        | <u>\$114,814</u> |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

g. Changes in Long-Term Liabilities

|  | Balance<br>July 1, 2019 | Increases  | Decreases  | Balance<br>June 30, 2020 | Current<br>Portion of<br>Balance |
|--|-------------------------|------------|------------|--------------------------|----------------------------------|
| Governmental activities:                       |                         |            |            |                          |                                  |
| Installment purchases                          | \$ 266,513              | \$ 577,457 | \$ 102,180 | \$ 741,790               | \$ 83,239                        |
| Net pension liability (LGERS)                  | 47,103                  | 19,608     | -          | 66,711                   | -                                |
| Net OPEB liability                             | 12,906                  | -          | 5,988      | 6,918                    | -                                |
| Compensated absences                           | 17,112                  | -          | 190        | 16,922                   | -                                |
| Governmental activities long-term liabilities  | 343,634                 | 597,065    | 108,358    | 832,341                  | 83,239                           |
| Business type activities:                      |                         |            |            |                          |                                  |
| Water and Sewer Fund                           |                         |            |            |                          |                                  |
| Net pension liability (LGERS)                  | 61,787                  | 17,879     | -          | 79,666                   | -                                |
| Installment purchases                          | 753,616                 | -          | 155,389    | 598,227                  | 155,390                          |
| Compensated absences                           | 16,086                  | 3,600      | -          | 19,686                   | -                                |
| Business type activities long-term liabilities | \$831,489               | \$ 21,479  | \$155,389  | \$ 697,579               | \$ 155,390                       |

C. Interfund Balances and Activity

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

Due to/from other funds:

|   |         |
|---|---------|
| Due from General Fund to the Water and Sewer Fund   | \$0     |
| 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  | \$1,991 |
| Additional amount from accrual adjustments for pension asset/liability. \$1,991.  |         |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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          | \$1,950,555 |
| Less:                                    |             |
| Inventories                              | -           |
| Stabilization by State Statute           | 136,212     |
| Streets-Powell Bill                      | 34,377      |
| Appropriated Fund Balance in 2021 budget | 20,000      |
| Working Capital/Fund Balance Policy      | 810,180     |
| Assigned for retiree health insurance    | 9,402       |
| Remaining Fund Balance                   | 940,384     |

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, 2020, 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, 2020. 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 October 30, 2020, the date the financial statements were available to be issued. In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Town and its ability to carry out its activities which could impact its financial results. The ABC Board management has evaluated subsequent events through October 25, 2020, 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 Seven Fiscal Years

Local Government Employees' Retirement System

|   | 2020       | 2019       | 2018       | 2017       | 2016       | 2015        | 2014       |
|---|------------|------------|------------|------------|------------|-------------|------------|
| Mount Pleasant's proportion of the net pension liability (asset) (%)  | 0.00536%   | 0.00459%   | 0.00428%   | 0.00420%   | 0.00320%   | 0.00528%    | 0.00510%   |
| Mount Pleasant's proportion of the net pension liability (asset) (\$)   | \$ 146,377 | \$ 108,890 | \$ 65,387  | \$ 89,139  | \$ 14,361  | \$ (31,138) | \$ 61,475  |
| Mount Pleasant's covered-employee payroll   | \$ 409,300 | \$ 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 | 35.76%     | 31.97%     | 23.51%     | 31.06%     | 4.59%      | ( 10.44%)   | 26.21%     |
| Plan fiduciary net position as a percentage of the total pension liability  | 90.86%     | 91.63%     | 94.18%     | 91.47%     | 98.09%     | 102.64%     | 94.35%     |

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

Local Government Employees' Retirement System

|  | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       | 2014       |
|--|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution                                  | \$ 64,662  | \$ 56,852  | \$ 46,465  | \$ 37,241  | \$ 18,928  | \$ 24,671  | \$ 21,081  |
| Contributions in relation to the contractually required contribution | 64,662     | 56,852     | 46,465     | 37,241     | 18,928     | 24,671     | 21,081     |
| Contribution deficiency (excess)                                     | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| Mount Pleasant's covered-employee payroll                            | \$ 428,512 | \$ 409,300 | \$ 340,651 | \$ 278,125 | \$ 286,972 | \$ 312,741 | \$ 298,171 |
| Contributions as a percentage of covered-employee payroll            | 15.09%     | 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, 2020

|   | <u>2020</u>  | <u>2019</u>   | <u>2018</u> |
|---|--------------|---------------|-------------|
| Total OPEB Liability                                    |              |               |             |
| Service cost  | -            | -             | -           |
| Interest  | 383          | 544           | -           |
| Changes of benefit terms                                | -            | -             | -           |
| Differences between expected and actual experience      | (204)        | 235           | -           |
| Changes of assumptions                                  | 13           | (41)          | -           |
| Benefit payments  | (6,180)      | (6,180)       | -           |
| Net change in total OPEB liability                      | (5,988)      | (5,442)       | -           |
| Total OPEB liability - beginning                        | 12,906       | 18,348        | -           |
| Total OPEB liability - ending                           | <u>6,918</u> | <u>12,906</u> | <u>-</u>    |
| Covered payroll   | N/A          | N/A           | N/A         |
| Total OPEB liability as a percentage of covered payroll | N/A          | 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> |
|--------------------|-------------|
| 2020               | 3.50%       |
| 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, 2020

|   | Budget     | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|------------|------------|--|
| <b>Revenues</b>                                   |            |            |  |
| <b>Ad valorem taxes</b>                           |            |            |  |
| Taxes   | \$ 753,000 | \$ 773,220 | \$ 20,220                              |
| Penalties and interest                            | 2,000      | 4,634      | 2,634                                  |
| Total   | 755,000    | 777,854    | 22,854                                 |
| <b>Unrestricted intergovernmental</b>             |            |            |  |
| Local option sales tax                            | 240,000    | 253,029    | 13,029                                 |
| Utility sales tax                                 | 80,000     | 83,161     | 3,161                                  |
| Telecommunications sales tax                      | 21,000     | 13,449     | (7,551)                                |
| Local video program tax                           | 18,000     | 17,958     | (42)                                   |
| Beer and wine taxes                               | 7,000      | 8,224      | 1,224                                  |
| ABC profit distribution                           | -          | 23,763     | 23,763                                 |
| Total   | 366,000    | 399,584    | 33,584                                 |
| <b>Sales, permits, and fees</b>                   |            |            |  |
| Solid waste fees                                  | 3,000      | 3,920      | 920                                    |
| Demo fees-W/S liens                               | -          | 50         | 50                                     |
| Demo fees-code enforcement liens                  | -          | 2,100      | 2,100                                  |
| Recycling fees                                    | 22,000     | 20,481     | (1,519)                                |
| Permits and fees                                  | 3,000      | 5,089      | 2,089                                  |
| Total   | 28,000     | 31,640     | 3,640                                  |
| <b>Restricted intergovernmental</b>               |            |            |  |
| Solid waste disposal tax                          | 1,000      | 1,371      | 371                                    |
| CRF reimbursement grant                           | -          | 5,628      | 5,628                                  |
| Powell Bill allocation                            | 50,000     | 51,079     | 1,079                                  |
| Total   | 51,000     | 58,078     | 7,078                                  |
| <b>Restricted intergovernmental-public safety</b> |            |            |  |
| Cabarrus Co. EMS grant                            | 1,000      | -          | (1,000)                                |
| Contract fire-Cabarrus Co.                        | 487,701    | 497,680    | 9,979                                  |
| Contract fire-Cabarrus Co tax distribution        | 109,341    | 118,898    | 9,557                                  |
| Total   | 598,042    | 616,578    | 18,536                                 |
| <b>Investment earnings</b>                        | 20,000     | 17,818     | (2,182)                                |

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, 2020

|                                     | Budget    | Actual    | Variance<br>Favorable<br>(Unfavorable) |
|-------------------------------------|-----------|-----------|--|
| <b>Other revenues</b>               |           |           |  |
| Rent and other                      | 7,200     | 7,650     | 450                                    |
| Dependent insurance reimbursement   | 1,000     | 1,017     | 17                                     |
| Miscellaneous                       | 28,000    | 16,334    | (11,666)                               |
| Events revenue                      | 2,500     | 3,990     | 1,490                                  |
| Total                               | 38,700    | 28,991    | (9,709)                                |
| Total revenues                      | 1,856,742 | 1,930,543 | 73,801                                 |
| <b>Expenditures</b>                 |           |           |  |
| <b>General government</b>           |           |           |  |
| Town Hall                           |           |           |  |
| Contracted services                 | 9,300     | 7,351     | 1,949                                  |
| Utilities                           | 18,000    | 9,121     | 8,879                                  |
| Maintenance and repairs-building    | 6,000     | 10,662    | (4,662)                                |
| Maintenance and repairs-equipment   | 3,000     | 123       | 2,877                                  |
| Insurance-property and casualty     | 33,000    | 31,371    | 1,629                                  |
| Telephone                           | 12,700    | 11,988    | 712                                    |
| Cleaning supplies                   | 500       | 130       | 370                                    |
| Total                               | 82,500    | 70,746    | 11,754                                 |
| 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       | 150       | 350                                    |
| Election fee                        | 7,100     | 3,359     | 3,741                                  |
| Cabarrus Economic Development       | 2,500     | 2,000     | 500                                    |
| Cabarrus Rowan MPO                  | 500       | 324       | 176                                    |
| Departmental supplies and materials | 2,400     | 2,687     | (287)                                  |
| Total                               | 37,550    | 33,018    | 4,532                                  |

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, 2020

|                                   | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------------|---------|---------|--|
| Administration and Finance        |         |         |  |
| Salaries and wages                | 47,838  | 48,851  | (1,013)                                |
| Salaries and wages-longevity      | 1,250   | 1,250   | -                                      |
| Salaries and wages-part time      | 1,000   | -       | 1,000                                  |
| Health insurance                  | 6,840   | 6,838   | 2                                      |
| Insurance-dental/vision           | 437     | 437     | -                                      |
| Health insurance-other            | 1,000   | 802     | 198                                    |
| Future retiree insurance          | 5,000   | -       | 5,000                                  |
| Social security                   | 8,999   | 4,968   | 4,031                                  |
| Employee benefits-retirement      | 7,220   | 7,560   | (340)                                  |
| Employee benefits-401k            | 2,392   | 2,469   | (77)                                   |
| Retiree insurance                 | 4,430   | 3,841   | 589                                    |
| Dues and subscriptions            | 3,000   | 6,678   | (3,678)                                |
| Education and travel              | 8,000   | 3,075   | 4,925                                  |
| Insurance-workman's comp          | 2,100   | 2,100   | -                                      |
| Attorney fees                     | 11,000  | 9,775   | 1,225                                  |
| Auditor fees                      | 12,000  | 11,653  | 347                                    |
| Tax collection expense            | 5,000   | 3,566   | 1,434                                  |
| Tax penalty paid to school system | 1,000   | 963     | 37                                     |
| Contracted services               | 37,000  | 30,127  | 6,873                                  |
| Communications-mobile             | 3,150   | 2,520   | 630                                    |
| Advertising                       | 5,000   | 1,129   | 3,871                                  |
| Office supplies and postage       | 6,500   | 4,853   | 1,647                                  |
| Computers and software            | 11,500  | 11,660  | (160)                                  |
| Office staff uniforms             | 600     | 164     | 436                                    |
| Miscellaneous                     | 4,000   | 960     | 3,040                                  |
| Total                             | 196,256 | 166,239 | 30,017                                 |

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, 2020

|  | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
|--|---------|---------|--|
| Planning and development                       |         |         |  |
| Salaries and wages                             | 59,156  | 60,103  | (947)                                  |
| Salaries and wages code enforcement            | 8,120   | 4,766   | 3,354                                  |
| Planning board stipend                         | 7,200   | 6,900   | 300                                    |
| Health insurance                               | 6,840   | 6,838   | 2                                      |
| Insurance-dental/vision                        | 483     | 483     | -                                      |
| Social security                                | 5,698   | 5,490   | 208                                    |
| Employee benefits-retirement                   | 12,222  | 11,623  | 599                                    |
| Dues and subscriptions                         | 750     | 476     | 274                                    |
| Education and travel                           | 2,000   | 2,311   | (311)                                  |
| Attorney fees                                  | 10,000  | 2,060   | 7,940                                  |
| Contracted services-planning                   | 6,000   | 6,000   | -                                      |
| Abatement & demolition                         | 5,000   | -       | 5,000                                  |
| Studies-planning                               | 5,000   | -       | 5,000                                  |
| Downtown development                           | 6,000   | -       | 6,000                                  |
| Facade improvement program                     | 20,000  | 16,896  | 3,104                                  |
| Advertising                                    | 4,137   | 3,708   | 429                                    |
| Uniforms                                       | 200     | 135     | 65                                     |
| Resources & manuals                            | 500     | -       | 500                                    |
| Code enforcement-miscellaneous                 | 1,000   | 462     | 538                                    |
| Department supplies and postage                | 1,250   | 789     | 461                                    |
| Total  | 161,556 | 129,040 | 32,516                                 |
| Total general government                       | 477,862 | 399,043 | 78,819                                 |
| Public safety                                  |         |         |  |
| Law enforcement                                |         |         |  |
| Contract services-Cabarrus County              | 154,594 | 154,468 | 126                                    |
| Maintenance and repair -vehicles and equipment | 9,818   | 8,346   | 1,472                                  |
| Departmental supplies and postage              | 500     | 639     | (139)                                  |
| Fuel   | 7,500   | 6,733   | 767                                    |
| Capital outlay-vehicles and equipment          | 10,000  | -       | 10,000                                 |
| Total  | 182,412 | 170,186 | 12,226                                 |

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, 2020

|  | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|--|------------------|------------------|--|
| <b>Fire department</b>                         |                  |                  |  |
| Salaries and wages                             | 337,800          | 297,568          | 40,232                                 |
| Health insurance                               | 2,160            | 1,190            | 970                                    |
| Insurance-dental/vision                        | 138              | 138              | -                                      |
| Social security                                | 26,050           | 22,710           | 3,340                                  |
| Employee benefits-retirement                   | 2,450            | 1,894            | 556                                    |
| Employee benefits-401k                         | 812              | 573              | 239                                    |
| Dues and subscriptions                         | 1,000            | 1,101            | (101)                                  |
| Education and travel                           | 1,500            | -                | 1,500                                  |
| Firemen's physicals                            | 1,000            | 1,200            | (200)                                  |
| Insurance-workman's comp                       | 18,000           | 9,032            | 8,968                                  |
| Auditing services                              | 2,000            | -                | 2,000                                  |
| Contracted services                            | -                | 665              | (665)                                  |
| Utilities                                      | 15,000           | 9,618            | 5,382                                  |
| Maintenance and repairs-building               | 11,500           | 4,788            | 6,712                                  |
| Maintenance and repairs-vehicles and equipment | 40,883           | 47,151           | (6,268)                                |
| Insurance-property and casualty                | 20,000           | 24,746           | (4,746)                                |
| Telephone                                      | 3,750            | 4,433            | (683)                                  |
| Communications-mobile                          | 3,000            | 3,181            | (181)                                  |
| Departmental supplies and materials            | 1,800            | 1,160            | 640                                    |
| Office supplies                                | 500              | 135              | 365                                    |
| Fire and rescue supplies                       | 19,000           | 721              | 18,279                                 |
| Uniforms                                       | 5,000            | 2,010            | 2,990                                  |
| EMS supplies                                   | 2,500            | 1,748            | 752                                    |
| Computers and software                         | 17,000           | 16,484           | 516                                    |
| Personal protective gear                       | 18,000           | 17,307           | 693                                    |
| Fuel   | 14,000           | 10,192           | 3,808                                  |
| Capital outlay-vehicles & equipment            | 782,981          | 708,621          | 74,360                                 |
| Miscellaneous                                  | 5,000            | 2,980            | 2,020                                  |
| <b>Total</b>                                   | <b>1,352,824</b> | <b>1,191,346</b> | <b>161,478</b>                         |
| <b>Total public safety</b>                     | <b>1,535,236</b> | <b>1,361,532</b> | <b>173,704</b>                         |
| <b>Public works</b>                            |                  |                  |  |
| Public works facilities general                |                  |                  |  |
| Contracted services                            | 1,000            | 424              | 576                                    |
| Utilities                                      | 32,000           | 27,210           | 4,790                                  |
| Maintenance and repairs-building               | 5,000            | 5,800            | (800)                                  |
| Insurance property and casualty                | 2,750            | 3,166            | (416)                                  |
| Telephone                                      | 1,400            | 1,166            | 234                                    |
| Department supplies & postage                  | 400              | -                | 400                                    |
| Miscellaneous                                  | 2,174            | 635              | 1,539                                  |
| <b>Total</b>                                   | <b>44,724</b>    | <b>38,401</b>    | <b>6,323</b>                           |

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, 2020

|  | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|--|----------------|----------------|--|
| <b>Streets</b>                                 |                |                |  |
| Salaries                                       | 25,320         | 27,852         | (2,532)                                |
| Health insurance                               | 4,608          | 4,217          | 391                                    |
| Insurance-dental/vision                        | 295            | 295            | -                                      |
| Social security                                | 1,940          | 2,131          | (191)                                  |
| Employee benefits-retirement                   | 3,825          | 4,203          | (378)                                  |
| Employee benefits-401k                         | 1,270          | 1,390          | (120)                                  |
| Education and travel                           | 500            | -              | 500                                    |
| Insurance-workman's comp                       | 4,000          | 4,000          | -                                      |
| Contracted services-engineer                   | 7,500          | 5,798          | 1,702                                  |
| Snow and ice removal                           | 1,500          | -              | 1,500                                  |
| Maintenance and repairs-vehicles and equipment | 5,000          | 4,737          | 263                                    |
| Maintenance and repairs-sidewalks              | 1,000          | 1,400          | (400)                                  |
| Maintenance and repairs-streets                | 7,500          | 11,717         | (4,217)                                |
| Maintenance and repairs-parking lot            | 5,000          | 1,227          | 3,773                                  |
| Departmental supplies and materials            | 5,000          | 786            | 4,214                                  |
| Fuel   | 5,000          | 1,141          | 3,859                                  |
| Powell Bill expenditures                       | 50,000         | 57,809         | (7,809)                                |
| Capital outlay-vehicles & equipment            | 30,000         | 30,000         | -                                      |
| <b>Total</b>                                   | <b>159,258</b> | <b>158,703</b> | <b>555</b>                             |
| <b>Sanitation</b>                              |                |                |  |
| Contract services-recycling                    | 20,000         | 18,312         | 1,688                                  |
| Contract services                              | 77,500         | 66,703         | 10,797                                 |
| Landfill fees                                  | 22,000         | 26,474         | (4,474)                                |
| Maintenance and repairs-vehicles and equipment | 12,000         | -              | 12,000                                 |
| Departmental supplies and postage              | -              | 13,066         | (13,066)                               |
| <b>Total</b>                                   | <b>131,500</b> | <b>124,555</b> | <b>6,945</b>                           |
| <b>Buildings and grounds</b>                   |                |                |  |
| Salaries                                       | 44,310         | 44,688         | (378)                                  |
| Health insurance                               | 8,064          | 7,381          | 683                                    |
| Insurance-dental/vision                        | 516            | 516            | -                                      |
| Social security                                | 3,400          | 3,419          | (19)                                   |
| Employee benefits-retirement                   | 6,690          | 6,743          | (53)                                   |
| Employee benefits-401k                         | 2,220          | 1,357          | 863                                    |
| Insurance-workman's comp                       | 2,750          | 2,750          | -                                      |
| Maintenance and repairs-vehicles and equipment | 500            | 398            | 102                                    |
| Departmental supplies and postage              | 2,200          | 1,687          | 513                                    |
| Fuel   | 250            | -              | 250                                    |
| <b>Total</b>                                   | <b>70,900</b>  | <b>68,939</b>  | <b>1,961</b>                           |
| <b>Total public works</b>                      | <b>406,382</b> | <b>390,598</b> | <b>15,784</b>                          |

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, 2020

|  | Budget    | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|-----------|--------------|--|
| <b>Cultural and recreational</b>           |           |              |  |
| Park maintenance                           | 14,000    | 8,095        | 5,905                                  |
| Mt Pleasant beautification                 | 5,000     | 5,739        | (739)                                  |
| 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     | 425          | 1,575                                  |
| Independence day celebration               | 17,000    | 5,838        | 11,162                                 |
| Christmas parade                           | 1,500     | 1,211        | 289                                    |
| Charitable contribution                    | 600       | 230          | 370                                    |
| Christmas decorations                      | 4,000     | 4,187        | (187)                                  |
| Events expense                             | 10,000    | 8,479        | 1,521                                  |
| Farmers market                             | 400       | -            | 400                                    |
| Capital outlay-buildings and grounds       | 10,000    | -            | 10,000                                 |
| Total cultural and recreational            | 67,000    | 36,624       | 30,376                                 |
| <b>Debt service</b>                        |           |              |  |
| Principal                                  | 105,765   | 101,895      | 3,870                                  |
| Interest                                   | 11,273    | 11,271       | 2                                      |
| Total debt service                         | 117,038   | 113,166      | 3,872                                  |
| Total expenditures                         | 2,603,518 | 2,300,963    | 302,555                                |
| Revenues over (under) expenditures         | (746,776) | (370,420)    | 376,356                                |
| <b>Other financing sources (uses)</b>      |           |              |  |
| Transfer to capital projects fund          | (110,000) | (110,000)    | -                                      |
| Transfer to capital reserve general fund   | (30,000)  | (30,000)     | -                                      |
| Transfer from proprietary fund             | 2,500     | 2,500        | -                                      |
| Transfer from capital reserve general fund | 58,000    | 56,031       | (1,969)                                |
| Sale of capital assets                     | 3,155     | 3,156        | 1                                      |
| Insurance recovery                         | 5,818     | 5,818        | -                                      |
| Installment loan obligation issued         | 580,000   | 577,457      | (2,543)                                |
| Total                                      | 509,473   | 504,962      | (4,511)                                |
| Fund balance appropriated                  | 237,303   | -            | (237,303)                              |
| Net change in fund balance                 | \$ -      | 134,542      | \$ 134,542                             |
| <b>Fund balances</b>                       |           |              |  |
| Fund balances, beginning                   |           | 1,816,013    |  |
| Fund balances, ending                      |           | \$ 1,950,555 |  |

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, 2020

|  | Budget       | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|--------------|--------------|--|
| <b>Revenues</b>                        |              |              |  |
| Charges for services                   |              |              |  |
| Water and sewer charges                | \$ 1,140,000 | \$ 1,130,959 | \$ (9,041)                             |
| Water and sewer taps                   | 10,000       | 18,284       | 8,284                                  |
| FEMA grant for dam repairs             | -            | 14,652       | 14,652                                 |
| Other operating revenues               | 24,520       | 36,639       | 12,119                                 |
|  |              |              |  |
| Total operating revenues               | 1,174,520    | 1,200,534    | 26,014                                 |
|  |              |              |  |
| Nonoperating revenues                  |              |              |  |
| Investment earnings                    | 8,000        | 9,068        | 1,068                                  |
|  |              |              |  |
| Total nonoperating revenues            | 8,000        | 9,068        | 1,068                                  |
|  |              |              |  |
| Total revenues                         | 1,182,520    | 1,209,602    | 27,082                                 |
|  |              |              |  |
| <b>Expenditures</b>                    |              |              |  |
| Billing and water sewer administration |              |              |  |
| Salaries and wages                     | 81,291       | 80,025       | 1,266                                  |
| Salaries and wages longevity           | 1,650        | 1,183        | 467                                    |
| Health insurance                       | 12,960       | 13,019       | (59)                                   |
| Insurance-dental/vision                | 828          | 833          | (5)                                    |
| Social security                        | 7,443        | 7,331        | 112                                    |
| Employee benefits-retirement           | 12,267       | 10,696       | 1,571                                  |
| Employee benefits-401k                 | 4,065        | 3,682        | 383                                    |
| Employee benefits-retiree insurance    | 4,430        | 3,672        | 758                                    |
| Dues and subscriptions                 | 650          | 645          | 5                                      |
| Insurance-workman's comp               | 475          | 475          | -                                      |
| Contracted services-engineer           | 20,000       | 10,194       | 9,806                                  |
| Auditor fees                           | 12,000       | 11,318       | 682                                    |
| Attorney fees                          | 10,000       | 727          | 9,273                                  |
| Contracted services-administration     | 15,000       | 14,865       | 135                                    |
| Equipment lease                        | -            | 611          | (611)                                  |
| Transaction processing fees            | 7,500        | 10,150       | (2,650)                                |
| Communications-mobile                  | 3,000        | 2,119        | 881                                    |
| Office supplies and postage            | 15,000       | 13,991       | 1,009                                  |
| Uniforms                               | 2,863        | 1,931        | 932                                    |
| Fuel                                   | 2,500        | 2,453        | 47                                     |
| Miscellaneous                          | 1,300        | 1,251        | 49                                     |
| Bad debt provision                     | -            | 947          | (947)                                  |
|  |              |              |  |
| Total billing and administrative       | 215,222      | 192,118      | 23,104                                 |



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, 2020

|   | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
|---|---------|---------|--|
| Expenditures-continued                      |         |         |  |
| Public Works Facility-Water and Sewer       |         |         |  |
| Contracted services                         | 500     | -       | 500                                    |
| Utilities                                   | 10,000  | 10,042  | (42)                                   |
| Maintenance and repairs-building            | 9,000   | 5,283   | 3,717                                  |
| Insurance-property and casualty             | 2,400   | 2,800   | (400)                                  |
| Telephone                                   | 4,500   | 5,737   | (1,237)                                |
| Office supplies                             | 400     | 133     | 267                                    |
| Total public works facility                 | 26,800  | 23,995  | 2,805                                  |
| Water distribution                          |         |         |  |
| Salaries and wages                          | 44,310  | 47,080  | (2,770)                                |
| Health insurance                            | 8,064   | 8,064   | -                                      |
| Insurance-dental/vision                     | 516     | 559     | (43)                                   |
| Social security                             | 3,400   | 3,602   | (202)                                  |
| Employee benefits-retirement                | 6,690   | 7,104   | (414)                                  |
| Employee benefits-401k                      | 2,225   | 3,207   | (982)                                  |
| Education and travel                        | 2,000   | 1,230   | 770                                    |
| Contracted services                         | 1,000   | -       | 1,000                                  |
| Water purchase                              | 9,200   | 1,232   | 7,968                                  |
| Maintenance and repairs-hydrants            | -       | 5,462   | (5,462)                                |
| Maintenance and repairs-vehicles and equip. | 2,850   | 2,316   | 534                                    |
| Maintenance and repairs-water lines         | 27,500  | 12,643  | 14,857                                 |
| Maintenance and repairs-meters              | 20,000  | 24,785  | (4,785)                                |
| Departmental supplies                       | 10,870  | 2,036   | 8,834                                  |
| Capital outlay-infrastructure               | 7,500   | 7,500   | -                                      |
| Miscellaneous                               | 1,650   | 395     | 1,255                                  |
| Total water distribution                    | 147,775 | 127,215 | 20,560                                 |

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, 2020

|                                   | Budget  | Actual  | Variance<br>Favorable<br>(Unfavorable) |
|-----------------------------------|---------|---------|--|
| Expenditures-continued            |         |         |  |
| Water treatment plant             |         |         |  |
| Salaries and wages                | 67,683  | 68,343  | (660)                                  |
| Salaries and wages-part time      | 24,000  | 23,750  | 250                                    |
| Salaries and wages-longevity      | 500     | 250     | 250                                    |
| Salaries and wages-lump sum       | 1,015   | 391     | 624                                    |
| Health insurance                  | 7,200   | 7,200   | -                                      |
| Insurance-dental/vision           | 460     | 498     | (38)                                   |
| Social security                   | 7,130   | 7,094   | 36                                     |
| Employee benefits-retirement      | 10,442  | 10,410  | 32                                     |
| Employee benefits-401k            | 3,460   | 3,449   | 11                                     |
| Dues and subscriptions            | 2,250   | 2,947   | (697)                                  |
| Education and travel              | 500     | 255     | 245                                    |
| Insurance-workers comp            | 2,400   | 200     | 2,200                                  |
| Insurance-property and casualty   | 3,300   | 3,250   | 50                                     |
| Contracted services               | 29,000  | 29,000  | -                                      |
| Utilities                         | 45,000  | 37,810  | 7,190                                  |
| Maintenance and repairs-building  | 2,000   | 1,298   | 702                                    |
| Maintenance and repairs-vehicle   | -       | 160     | (160)                                  |
| Maintenance and repairs-equipment | 250,000 | 31,264  | 218,736                                |
| Dredging                          | 25,000  | -       | 25,000                                 |
| Telephone                         | 6,000   | 3,311   | 2,689                                  |
| Mobil communications              | 600     | 600     | -                                      |
| Departmental supplies             | 5,000   | 5,512   | (512)                                  |
| Office supplies                   | 200     | 352     | (152)                                  |
| Chemicals                         | 33,000  | 29,104  | 3,896                                  |
| Computers & software              | 4,000   | 3,600   | 400                                    |
| Fuel                              | 500     | 98      | 402                                    |
| Capital outlay-building           | 10,000  | -       | 10,000                                 |
| Capital outlay-equipment          | 27,557  | 30,373  | (2,816)                                |
| Miscellaneous                     | 1,000   | 1,280   | (280)                                  |
| Total water treatment plant       | 569,197 | 301,799 | 267,398                                |

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, 2020

|   | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|------------------|--|
| Expenditures-continued                      |                  |                  |  |
| Sewer collection                            |                  |                  |  |
| Salaries and wages                          | 44,310           | 46,276           | (1,966)                                |
| Health insurance                            | 8,064            | 8,064            | -                                      |
| Insurance-dental/vision                     | 516              | 559              | (43)                                   |
| Social security                             | 3,400            | 3,540            | (140)                                  |
| Employee benefits-retirement                | 6,690            | 6,983            | (293)                                  |
| Employee benefits-401k                      | 2,225            | 2,055            | 170                                    |
| Education and travel                        | 2,000            | 712              | 1,288                                  |
| Sewage treatment                            | 190,000          | 196,725          | (6,725)                                |
| Maintenance and repairs-vehicles and equip. | 5,500            | 2,984            | 2,516                                  |
| Maintenance and repairs-sewer lines         | 52,500           | 8,802            | 43,698                                 |
| Maintenance and repairs-pump station        | 15,000           | 6,677            | 8,323                                  |
| Departmental supplies                       | 3,392            | 396              | 2,996                                  |
| Capital outlay-infrasctucture               | 15,685           | 15,685           | -                                      |
| Miscellaneous                               | 1,850            | 315              | 1,535                                  |
| Total sewer collection                      | <u>351,132</u>   | <u>299,773</u>   | <u>51,359</u>                          |
| Debt service                                |                  |                  |  |
| Interest                                    | 20,244           | 20,242           | 2                                      |
| Principal retirement                        | <u>155,392</u>   | <u>155,390</u>   | <u>2</u>                               |
| Total debt service                          | <u>175,636</u>   | <u>175,632</u>   | <u>4</u>                               |
| Total expenditures                          | <u>1,485,762</u> | <u>1,120,532</u> | <u>365,230</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, 2020

|   | <u>Budget</u>    | <u>Actual</u>     | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|-------------------|--|
| Revenues over (under) expenditures  | <u>(303,242)</u> | <u>89,070</u>     | <u>392,312</u>                         |
| Other financing sources (uses):   |                  |                   |  |
| Transfer to other funds:  |                  |                   |  |
| General fund  | <u>(2,500)</u>   | <u>(2,500)</u>    | <u>-</u>                               |
| Total   | <u>(2,500)</u>   | <u>(2,500)</u>    | <u>-</u>                               |
| Fund balance appropriated   | <u>305,742</u>   | <u>-</u>          | <u>(305,742)</u>                       |
| Revenues and other sources over<br>expenditures and other uses            | <u>\$ -</u>      | <u>86,570</u>     | <u>\$ 86,570</u>                       |
| Reconciliation from budgetary basis<br>(modified accrual) to full accrual |                  |                   |  |
| Revenues over expenditures  |                  | <u>86,570</u>     |  |
| Reconciling items   |                  |                   |  |
| Decrease in accrued interest  |                  | 762               |  |
| Increase in due to other funds  |                  | 957               |  |
| Increase in compensated absences  |                  | (3,600)           |  |
| Principal retirement  |                  | 155,390           |  |
| Capital outlay  |                  | 46,058            |  |
| Increase in deferred outflows of resources-pensions                       |                  | 3,622             |  |
| Increase in net pension liability   |                  | (17,878)          |  |
| Decrease in deferred inflows of resources-pensions                        |                  | 1,281             |  |
| Depreciation  |                  | <u>(128,593)</u>  |  |
| Total reconciling items   |                  | <u>57,999</u>     |  |
| Change in net position  |                  | <u>\$ 144,569</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, 2020

|  | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|--|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues   |                          |                |                           |                  |                                    |
| Interest income  | \$ -                     | \$ 57          | \$27                      | \$ 84            | \$ 84                              |
| Total revenues   | -                        | 57             | 27                        | 84               | 84                                 |
| Other financing sources (uses)   |                          |                |                           |                  |                                    |
| Transfer from General Fund   | 100,000                  | 121,459        | 30,000                    | 151,459          | 51,459                             |
| Transfer from Water Sewer Fund   | -                        | -              | -                         | -                | -                                  |
| Transfer to General Fund   | (100,000)                | (28,489)       | (56,031)                  | (84,520)         | 15,480                             |
| Total other financing<br>sources (uses)  | -                        | 92,970         | (26,031)                  | 66,939           | 66,939                             |
| Revenues and other financing<br>sources over (under)<br>expenditures and other<br>financing uses | \$ -                     | \$ 93,027      | \$ (26,004)               | \$ 67,023        | \$ 67,023                          |

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, 2020

|  | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|--|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues   |                          |                |                           |                  |                                    |
| Interest income  | \$ -                     | \$ 148         | \$ 111                    | \$ 259           | \$ 259                             |
| Total revenues   | -                        | 148            | 111                       | 259              | 259                                |
| Expenditures   |                          |                |                           |                  |                                    |
| Building construction  | 1,300,000                | -              | -                         | -                | 1,300,000                          |
| Parking lot construction   | 100,000                  | -              | -                         | -                | 100,000                            |
| Engineering and architect fees   | 112,000                  | 124,250        | 105,075                   | 229,325          | (117,325)                          |
| Contingency  | 130,000                  | 877            | -                         | 877              | 129,123                            |
| Total expenditures   | 1,642,000                | 125,127        | 105,075                   | 230,202          | 1,411,798                          |
| Revenues over (under)<br>expenditures  | (1,642,000)              | (124,979)      | (104,964)                 | (229,943)        | 1,412,057                          |
| Other financing sources (uses)   |                          |                |                           |                  |                                    |
| Transfer from General Fund   | 242,000                  | 315,833        | 110,000                   | 425,833          | 183,833                            |
| Proceeds from installment borrowing  | 1,400,000                | -              | -                         | -                | (1,400,000)                        |
| Total other financing<br>sources (uses)  | 1,642,000                | 315,833        | 110,000                   | 425,833          | (1,216,167)                        |
| Revenues and other financing<br>sources over (under)<br>expenditures and other<br>financing uses | \$ -                     | \$ 190,854     | \$ 5,036                  | \$ 195,890       | \$ 195,890                         |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2020

| Fiscal Year                                | Uncollected<br>Balance<br>June 30, 2019 | Additions         | Collections<br>and Credits | Uncollected<br>Balance<br>June 30, 2020 |
|--|---|-------------------|----------------------------|---|
| 2019-2020                                  |   | \$ 767,768        | \$ 765,205                 | \$ 2,563                                |
| 2018-2019                                  | \$ 11,676                               | -                 | 7,394                      | 4,282                                   |
| 2017-2018                                  | 1,227                                   | -                 | 1,102                      | 125                                     |
| 2016-2017                                  | 351                                     | -                 | 327                        | 24                                      |
| 2015-2016                                  | 259                                     | -                 | 219                        | 40                                      |
| 2014-2015                                  | 341                                     | -                 | 219                        | 122                                     |
| 2013-2014                                  | 1,015                                   | -                 | 454                        | 561                                     |
| 2012-2013                                  | 737                                     | -                 | 607                        | 130                                     |
| 2011-2012                                  | 821                                     | -                 | 392                        | 429                                     |
| 2010-2011                                  | 419                                     | -                 | 217                        | 202                                     |
| 2009-2010                                  | 431                                     | -                 | 431                        | -                                       |
|  | <u>\$ 17,277</u>                        | <u>\$ 767,768</u> | <u>\$ 776,567</u>          | 8,478                                   |
| Less allowance for uncollectible accounts: |   |                   |                            |   |
| General Fund                               |   |                   |                            | <u>585</u>                              |
| Ad valorem taxes receivable-net            |   |                   |                            | <u><u>7,893</u></u>                     |
| Reconcilement with revenues:               |   |                   |                            |   |
| Ad valorem taxes - General Fund            |   |                   |                            | 777,854                                 |
| Reconciling items                          |   |                   |                            |   |
| Interest collected                         |   |                   |                            | (3,347)                                 |
| Taxes written off                          |   |                   |                            | <u>2,060</u>                            |
| Total collections and credits              |   |                   |                            | <u><u>\$ 776,567</u></u>                |

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
TOWN-WIDE LEVY  
For the Fiscal Year Ended June 30, 2020

|                                       | Town-wide             |        |                   | Tax Levy                                     |                           |
|---------------------------------------|-----------------------|--------|-------------------|--|---------------------------|
|                                       | Property Valuation    | Rate   | Amount of Levy    | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy:                        |                       |        |                   |  |                           |
| Property taxed at current year's rate | \$ 151,900,351        | \$.505 | \$ 758,681        | \$ 683,224                                   | \$ 75,457                 |
| Penalties                             | -                     |        | 395               | 395  | -                         |
| Total                                 | 151,900,351           |        | 759,076           | 683,619                                      | 75,457                    |
| Discoveries:                          |                       |        |                   |  |                           |
| Current year taxes                    | 1,125,860             | .505   | 5,401             | 5,401  | -                         |
| Prior year taxes                      | -                     |        | 4,014             | 4,014  | -                         |
| Penalties                             | -                     |        | 446               | 446  | -                         |
| Total                                 | 1,125,860             |        | 9,861             | 9,861  | -                         |
| Releases                              | -                     |        | (3,967)           | (2,798)                                      | (1,169)                   |
| Total property valuation              | <u>\$ 153,026,211</u> |        |                   |  |                           |
| Net levy                              |                       |        | 764,970           | 690,682                                      | 74,288                    |
| Uncollected taxes at June 30, 2020    |                       |        | (2,563)           | (2,563)                                      | -                         |
| Current year's taxes collected        |                       |        | <u>\$ 762,407</u> | <u>\$ 688,119</u>                            | <u>\$ 74,288</u>          |
| Current levy collection percentage    |                       |        | <u>99.66%</u>     | <u>99.63%</u>                                | <u>100.00%</u>            |