

**Town of Mount Pleasant  
Mount Pleasant, North Carolina  
For the Year Ended  
June 30, 2021**

**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**

TOWN OF MOUNT PLEASANT  
NORTH CAROLINA  
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June 30, 2021

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# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Mount Pleasant, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Mount Pleasant's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Mount Pleasant ABC Board. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Mount Pleasant ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, and each major fund of Town of Mount Pleasant, North Carolina as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-15 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 50 through 51, respectively, and the Schedule of Changes in the Total OPEB Liability and Related Ratios on page 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge We obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2021 on our consideration of the Town of Mount Pleasant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Mount Pleasant's internal control over financial reporting and compliance.

### **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. Our opinion is not modified with respect to this matter.

Eddie Carrick CPA, PC



Lexington, North Carolina  
October 30, 2021

## **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, 2021. 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:**

**Tax Rate** remained unchanged at .0505 cents per hundred.

**Projected Revenues** have historically ranged from 97-98% collection rate. During Fiscal Year 2020/2021, the Town decided to use a conservative collection rate of 90% for real, personal, vehicles, and public utility property due to the uncertainty of COVID-19 effect on the economy. At the tax rate of .0505 cents per hundred, we estimated a penny would generate \$15,598 in revenues. Total General Fund revenues were projected to be \$1,929,001. On June 30, 2021, our actual revenues were \$2,240,261.

**Water Base Rates for FY2020/2021** remained unchanged.

**Sewer rates** had an increase of 2.4% to a new base rate of \$26.06, which is a direct pass through from WSACC for wholesale rates charged to the town.

**Combined budget for FY 2020/2021** was \$3,064,001 (general fund \$1,929,001 and water sewer \$1,135,000).

**Employee Raises and 401k for Full-Time Employees:** During fiscal year 2020/2021 and the uncertainty of revenues due to COVID-19 pandemic, no performance increase was recommended; however, full-time employees received a one-time lump sum of \$500. The Town did increase firefighter salaries in January 2021 from \$11.25 to \$12 per hour due to difficulties in staffing and surrounding municipalities paying a minimum of \$12 to \$13 per hour.

**Employer Contributions to the Local Government Employee Retirement System:** The Town of Mount Pleasant entered the Local Government Employee

## Management Discussion and Analysis

### Town of Mount Pleasant

Retirement System late and spent many years paying additional amounts to cover the cost of prior service credits for employees or other liabilities they had when joining the Retirement System. During fiscal year 2020/2021, the Town had an increase of the contribution rate to the Employee Retirement System from 15.090% to 16.290%. Fortunately, in January 2021, the amount needed to satisfy the additional amounts needed had been fulfilled, and the Town's contribution rate decreased from 16.290% to 10.150%.

**Future Retiree Insurance:** The Town partnered with Cavanaugh & Associates to perform its annual 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). The Town was able to contribute \$5,000 as recommended by Cavanaugh and Associates.

**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 in 2019. The project was put out for bid, and the Town received 3 bids from contractors interested in doing the repair. The lowest bid was \$323,196 with alternate bid of \$106,425 to install a permanent reservoir drain, resulting in a final estimated cost of \$501,621. Unfortunately, due to incorrect information given by FEMA representatives, the Town will be responsible for all cost above \$230,000 which will come from water/sewer fund balance.

**Water Tank Maintenance Contract and Partnership with AT&T for Cell Phone Placement on North Drive Water Tank:** The Town continued to partner 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.

**Fire Vehicles/Apparatus:** During fiscal year 2020/2021, the Town took possession of a fire engine that was ordered during fiscal year 2019/2020. Payments were already allotted in the budget. The Fire Department received a grant for a Cascade System to refill air packs. The Fire Departments portion of the grant was \$3,071.43; Federal portion

## Management Discussion and Analysis

### Town of Mount Pleasant

\$61,428.57 for a total of \$64,500.00. The Fire Departments portion was covered by line items already in the current operating budget.

**Future satellite Fire Station:** In a prior fiscal year (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.

**USDA Capital Projects: Main Street Water line replacement and Regional Sewer Pump Station –** During fiscal year 2020/2021, the Town continued to work with LKC Engineering on refining the scope of our Main Street Water line replacement project and Regional Sewer Pump Station. The project is estimated to be in the \$8.5 million dollar range. 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. The Main Street water line will increase water flow and fire flow to our center-city where revitalization is occurring. Replacement of this line will also bring much needed water pressure to a possible 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 (Hwy 49 & Hwy 73 intersection) 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.

As of June 30, 2021, LKC Engineering was still in the design phase of the project. Actual cost of the project cannot be determined until the project is put out to bid.

**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 "Neunburg," continues construction, and four new homes have been purchased.
- We have also had several new restaurants and shops to open during fiscal year 2020/2021.



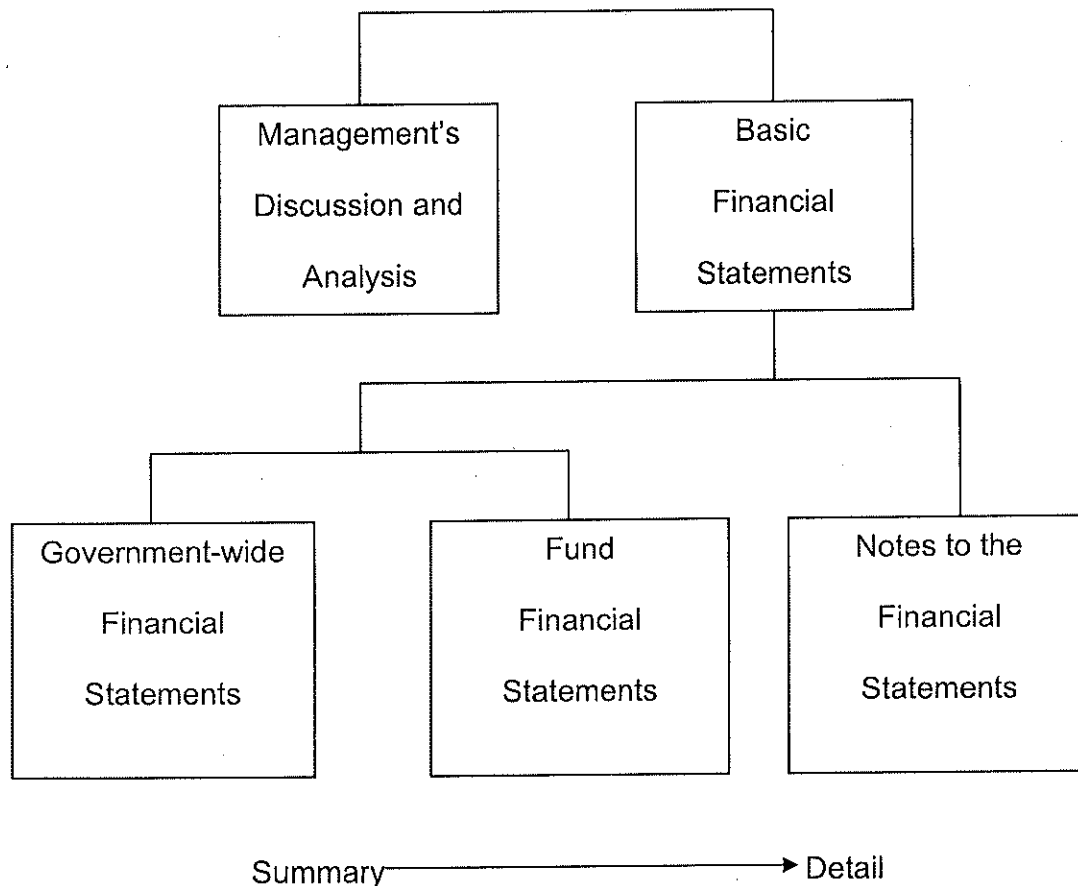
## Management Discussion and Analysis Town of Mount Pleasant

### 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.

### Required Components of Annual Financial Report

Figure 1



## Management Discussion and Analysis Town of Mount Pleasant

### 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.

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.

## Management Discussion and Analysis Town of Mount Pleasant

### 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.

**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.

## Management Discussion and Analysis

### Town of Mount Pleasant

**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.

**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 26-49 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,874,390	\$ 2,295,476	\$ 1,142,221	\$ 1,066,228	\$ 4,016,611	\$ 3,361,704
Capital assets	3,362,258	3,518,612	3,271,484	3,342,667	6,633,742	6,861,279
Deferred outflow s of resources	124,950	81,954	100,949	90,111	225,899	172,065
Non-current assets	-	-	-	-	-	-
Total assets and deferred outflow s of resources	6,361,598	5,896,042	4,514,654	4,499,006	10,876,252	10,395,048
Long-term liabilities outstanding	748,144	749,102	447,870	542,189	1,196,014	1,291,291
Non-current liabilities	85,479	83,239	155,390	155,390	240,869	238,629
Other liabilities	61,750	75,052	120,037	119,456	181,787	194,508
Deferred inflow s of resources	-	-	-	-	-	-
Total liabilities and deferred inflow s of resources	895,373	907,393	723,297	817,035	1,618,670	1,724,428
Net position:						
Net investment in capital assets	2,703,841	2,776,823	2,828,648	2,744,440	5,532,489	5,521,263
Restricted	329,460	442,904	-	-	329,460	442,904
Unrestricted	2,432,924	1,768,922	962,709	937,531	3,395,633	2,706,453
Total net position	\$ 5,466,225	\$ 4,988,649	\$ 3,791,357	\$ 3,681,971	\$ 9,257,582	\$ 8,670,620

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 \$9,257,582 as of June 30, 2021. The Town of Mount Pleasant net position *increased* by \$586,962 for the fiscal year ended June 30, 2021. However, the largest portion (60%) 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, \$329,460 (3%), represents

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

resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,395,633 (37%) is unrestricted.

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

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 34,296	\$ 31,640	\$ 1,276,696	\$ 1,200,534	\$ 1,310,992	\$ 1,232,174
Operating grants and contributions	818,462	674,655	-	-	818,462	674,655
General revenues:						
Property taxes	945,597	767,710	-	-	945,597	767,710
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	418,527	379,821	-	-	418,527	379,821
Other	38,857	58,430	2,401	6,568	41,258	64,998
Total revenues	2,255,739	1,912,256	1,279,097	1,207,102	3,534,836	3,119,358
<b>Expenses:</b>						
General government	453,585	432,845	-	-	453,585	432,845
Public safety	871,215	783,027	-	-	871,215	783,027
Public works	378,461	398,894	-	-	378,461	398,894
Culture and recreational	50,963	48,407	-	-	50,963	48,407
Interest on long-term debt	23,939	11,078	-	-	23,939	11,078
Water and sewer	-	-	1,169,711	1,062,533	1,169,711	1,062,533
Total expenses	1,778,163	1,674,251	1,169,711	1,062,533	2,947,874	2,736,784
Change in net position	477,576	238,005	109,386	144,569	586,962	382,574
Net position, beginning	4,988,649	4,750,644	3,681,871	3,537,402	8,670,520	8,288,046
Net position, June 30	\$ 5,466,225	\$ 4,988,649	\$ 3,791,257	\$ 3,681,971	\$ 9,257,482	\$ 8,670,620

**Governmental activities:** Governmental activities *increased* the Town of Mount Pleasant's net position by \$477,576. 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 \$109,386. 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 \$1,710,368, while total fund balance reached \$2,464,750. 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 86% of the next fiscal year budgeted General Fund expenditures, while total fund balance represents 96% of next fiscal year budgeted General Fund expenditures.

At June 30, 2021, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$2,794,267, a net increase in fund balance of \$580,799. Included in this change in fund balance are increases in fund balance in the General Fund of \$514,195 and Capital Reserve Fund of \$20,020 and of \$46,470 in the Capital Project Fund.

**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 \$962,709. The total increase in net assets for the fund was \$109,386.

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, 2021, totals \$6,633,742 (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 4**

(net of depreciation)

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Total 2021	Total 2020
Land	\$ 338,302	\$ 338,302	\$ 15,685	\$ 15,685	\$ 353,987	\$ 353,987
Construction in progress	129,740	129,740	56,459	-	186,199	129,740
Land improvements	362,171	375,585	-	-	362,171	375,585
Buildings and systems	954,564	998,054	3,108,268	3,215,564	4,062,832	4,213,618
Machinery and equipment	207,820	169,327	88,701	104,305	296,521	273,632
Infrastructure	150,347	159,053	-	-	150,347	159,053
Vehicles and motorized equipment	1,219,314	1,348,551	2,371	7,113	1,221,685	1,355,664
<b>Total</b>	<b>\$ 3,362,258</b>	<b>\$ 3,518,612</b>	<b>\$ 3,271,484</b>	<b>\$ 3,342,667</b>	<b>\$ 6,633,742</b>	<b>\$ 6,861,279</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, 2021, the Town of Mount Pleasant had total debt outstanding of \$1,101,254. 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 5**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment Purchases	\$ 658,417	\$ 741,790	\$ 442,837	\$ 598,227	\$ 1,101,254	\$ 1,340,017
Compensated Absences	16,615	16,922	24,561	19,686	41,176	36,608
Net Pension Liability	111,776	66,711	135,862	79,666	247,638	146,377
Net OPEB Liability	46,815	6,918	-	-	46,815	6,918
Total	\$ 833,623	\$ 832,341	\$ 603,260	\$ 697,579	\$ 1,436,883	\$ 1,529,920

The Town of Mount Pleasant's total debt *decreased* by \$93,037 (6%) 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, 2021, the remaining legal debt margin for Town of Mount Pleasant is \$13,526,679.

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, 2022**

**Governmental Activities:**

- Tax rate will remain unchanged at \$0.505 per \$100
- The Town continues to require a minimum fund balance threshold of 42% in addition to the NC State required minimum fund balance of 10%.
- General Fund revenues are estimated to be \$2,677,010 at a 96% collection rate which includes \$514,000 appropriation fund balance, and the Town also anticipates sales tax revenues of \$240,000.
- The Town has budgeted for a 5% salary increase for full-time employees beginning in October 2021.
- Town's 401K contribution will remain at maximum rate of 5% for all full-time employees as future budgets will allow
- Required 10.5% contribution the Local Government Employment Retirement System (LGERS).
- Pay increase for Firefighters from \$12 to \$13.
- Continue to fund future retiree Insurance, \$5,000 split between the General fund and Water/Sewer fund based on OPEB study as budget will allow.



## Management Discussion and Analysis

### Town of Mount Pleasant

- Continue Façade Improvement Grant Program \$10,000.
- Rural Fire Tax remains unchanged at \$0.118
- Annual payment for a new fire engine to be financed for a 10-15 year period
- Transfer \$110,000 for future Fire Station construction/renovation
- Replacement of Town Hall sewer line
- Purchase of additional trash and recycling cans, \$12,000
- Continue contracting out the solid waste services and recycling services with an increase of 1.657% and \$12,000 to continue replacing old recycling cans and purchasing additional trash cans.
- We recommend a one-time use of General Fund Balance of **\$365,000** for purchasing adjacent property to the Town Hall complex to expand future amenities.
- A recommendation to hire a part-time Public Works Manager. The position is funded at \$16,000 for a full year of up to 24 hours per week. This position will have no benefits.
- We recommend the purchase of a one-ton work truck with a crane to be used by the Public Works Department. We estimate the cost of the unit at \$85,000. We recommend financing this unit for ten years with an equal payment being budgeted in the general fund and the water and sewer fund. The budget currently has funding to make the first year's interest and principal payments.
- The budget includes **\$30,000 to begin a transportation capital reserve fund** to begin allocating the funding needed to make street and sidewalk improvements Powell Bill funds to not cover.
- Town Staff are proposing design and construction (in 2022) of a Municipal Center and Park Project which includes renovations to ballfield restroom/concession building, a maintenance/storage building, concrete connector/stage pad, sidewalk connector from restroom to playground, and paving existing gravel parking at Town Hall. We will use local banks for the financing of this project. The budget also includes **\$50,000 for capital reserve** to be used for annual payments for improvements to the Town Hall complex. A recommendation was made at the June 2021 Board meeting on what improvements / additions the Staff recommends as part of the Town's comprehensive plan as it relates to recreational activities / improvements.

#### Business – type Activities:

- Sewer rate will have a 1.3% wholesale rate increase to the base rate as a pass-through from WSAAC (Water & Sewer Authority of Cabarrus County).
- Water rates will have an increase to the in-town base rate by \$1.25 (to a rate of \$53.54) and the Town also implemented a tiered water usage system for usage over 2,000 gallons. This will generate approximately \$34,000 for the USDA water/sewer projects.

## Management Discussion and Analysis

### Town of Mount Pleasant

- We continue to replace water meters at an annual cost of \$20,000 per year.
- A recommendation for a part-time Water Treatment Plant Operator to begin training as our current part-time staff would like to reduce their hours. This position should not impact the budget
- The major water and sewer projects are in the design phase, and we anticipate approval by the Local Government Commission (LGC) in early 2022. This project will require the use of fund balance in both the General Fund and Water and Sewer Fund. Town Staff continue to move forward with working with the LKC Engineering and USDA to prepare for this project.

### 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, 2021

Exhibit 1

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,578,198	\$ 908,603	\$ 3,486,801	\$ 100,953
Taxes receivables (net)	20,432	-	20,432	-
Accrued interest receivable on taxes	3,319	-	3,319	-
Accounts receivable (net)	3,635	133,114	136,749	4,690
Internal balances	19,179	(19,179)	-	-
Due from other governments	176,444	7,207	183,651	-
Inventories	-	-	-	112,221
Prepaid items	-	-	-	9,491
Restricted cash	73,183	112,476	185,659	-
Total current assets	2,874,390	1,142,221	4,016,611	227,355
Non-current assets				
Capital assets				
Land, non-depreciable improvements and construction in progress	468,042	72,143	540,185	-
Other capital assets net of depreciation	2,894,216	3,199,341	6,093,557	6,961
Total capital assets	3,362,258	3,271,484	6,633,742	6,961
Total assets	6,236,648	4,413,705	10,650,353	234,316
Deferred outflows of resources				
OPEB deferrals	41,897	-	41,897	-
Pension deferrals	83,053	100,949	184,002	8,633
Total deferred outflows of resources	124,950	100,949	225,899	8,633
<b>Liabilities</b>				
Current liabilities:				
Accounts payable & accrued liabilities	50,768	5,460	56,228	3,054
Advances from grantors	7,511	-	7,511	-
Accrued interest payable	3,471	2,101	5,572	-
Customer deposits	-	87,476	87,476	-
Due to other governments	-	-	-	55,308
Deferred revenue	-	25,000	25,000	-
Current portion of long-term liabilities	85,479	155,390	240,869	-
Total current liabilities	147,229	275,427	422,656	58,362
Long-term liabilities:				
Due in more than one year	748,144	447,870	1,196,014	-
Total liabilities	895,373	723,297	1,618,670	58,362
Deferred inflows of resources				
Pension deferrals	-	-	-	13,003
Total deferred inflows of resources	-	-	-	13,003
<b>Net position</b>				
Net investment in capital assets	2,703,841	2,828,648	5,532,489	6,961
Restricted for:				
Capital projects	-	-	-	25,125
Stabilization by State Statute	201,165	-	201,165	-
Streets	41,253	-	41,253	-
Capital reserve	87,042	-	87,042	-
Other functions	-	-	-	34,866
Unrestricted	2,432,924	962,709	3,395,633	104,632
Total net position	\$ 5,466,225	\$ 3,791,357	\$ 9,257,582	\$ 171,584

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, 2021

Exhibit 2

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		
					Governmental Activities	Business-type Activities	Town of Mount Pleasant ABC Board
Primary government:							
General government	453,585	\$ -	\$ -	\$ -	\$ (453,585)	\$ -	\$ -
Public safety	871,215	-	756,101	-	(115,114)	-	-
Public works	378,461	34,296	62,361	-	(281,804)	-	-
Cultural and recreational	50,963	-	-	-	(50,963)	-	-
Interest on long-term debt	23,939	-	-	-	(23,939)	-	-
Total governmental activities	1,778,163	34,296	818,462	-	(925,405)	-	-
Business-type activities							
Water and sewer	1,169,711	1,276,696	-	-	-	106,985	106,985
Total business-type activities	1,169,711	1,276,696	-	-	-	106,985	106,985
Total primary government	2,947,874	1,310,992	818,462	-	(925,405)	106,985	(818,420)
Component unit							
ABC Board	1,130,872	1,173,519	-	-	-	-	42,647
Total component unit	\$ 1,130,872	\$ 1,173,519	\$ -	\$ -	-	-	42,647
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					945,597	-	945,597
Grants and contributions not restricted to specific programs					418,527	-	418,527
Unrestricted investment earnings					3,446	2,401	5,847
Miscellaneous, unrestricted					32,181	-	32,181
Gain on insurance recovery					3,230	-	3,230
Total general revenues not including transfers					1,402,981	2,401	1,405,382
Transfers					-	-	(4,047)
Total general revenues and transfers					1,402,981	2,401	(9,521)
Changes in net position					477,576	109,386	(13,568)
						586,962	29,079
Net position, beginning					4,988,649	3,681,971	142,505
Net position, ending					\$ 5,466,225	\$ 3,791,357	\$ 171,584

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

Exhibit 3

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,248,681	\$ 87,042	\$ 242,475	\$ 2,578,198
Restricted cash	73,183	-	-	73,183
Receivables (net)				
Property taxes	20,432	-	-	20,432
Accounts	3,635	-	-	3,635
Due from other funds	21,086	-	-	21,086
Due from other government	176,444	-	-	176,444
<b>Total assets</b>	<b>2,543,461</b>	<b>87,042</b>	<b>242,475</b>	<b>2,872,978</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	18,838	-	-	18,838
Custody account liability	31,930	-	-	31,930
Advances from grantors	7,511	-	-	7,511
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>58,279</b>	<b>-</b>	<b>-</b>	<b>58,279</b>
<b>Deferred inflows of resources</b>				
Property taxes receivable	20,432	-	-	20,432
<b>Total deferred inflows of resources</b>	<b>20,432</b>	<b>-</b>	<b>-</b>	<b>20,432</b>
<b>Fund balances</b>				
Restricted				
Stabilization by State statute	201,165	-	-	201,165
Streets	41,253	-	-	41,253
Capital reserve	-	87,042	-	87,042
Committed				
Capital project			242,475	242,475
Assigned				
Subsequent year's expenditures	506,500	-	-	506,500
Retiree health insurance	14,405	-	-	14,405
Unassigned	1,701,427	-	-	1,701,427
<b>Total fund balances</b>	<b>2,464,750</b>	<b>87,042</b>	<b>242,475</b>	<b>2,794,267</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,543,461</b>	<b>\$ 87,042</b>	<b>\$ 242,475</b>	<b>\$ 2,872,978</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

Exhibit 3

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

Total fund balances governmental funds		\$ 2,794,267
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		
Gross capital assets at historical cost	\$ 6,562,492	
Accumulated depreciation	<u>(3,200,234)</u>	3,362,258
Effect of pension accruals on internal balances		(1,907)
Deferred outflows of resources related to OPEB are not reported in the funds		41,897
Deferred outflows of resources related to pensions are not reported in the funds		83,053
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.		3,319
Liabilities for earned revenues considered deferred inflows of resources in fund statements		20,432
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning	(741,790)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	83,373	
Net pension liability	(111,776)	
OPEB liability	<u>(46,815)</u>	(817,008)
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	(16,615)	
Accrued interest	<u>\$ (3,471)</u>	(20,086)
Net position of governmental activities		<u>\$ 5,466,225</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

Exhibit 4

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 931,568	\$ -	\$ -	\$ 931,568
Unrestricted intergovernmental	418,528	-	-	418,528
Sales, permits, and fees	34,296	-	-	34,296
Restricted intergovernmental	62,361	-	-	62,361
Restricted intergovernmental-public safety	756,102	-	-	756,102
Investment earnings	3,301	30	115	3,446
Other revenues	23,957	-	-	23,957
Total revenues	2,230,113	30	115	2,230,258
Expenditures:				
Current				
General government	391,175	11	-	391,186
Public safety	795,310	-	-	795,310
Public works	330,622	-	-	330,622
Cultural and recreational	39,179	-	-	39,179
Debt service				
Principal	83,373	-	-	83,373
Interest	21,244	-	-	21,244
Total expenditures	1,660,903	11	-	1,660,914
Revenues over (under) expenditures	569,210	19	115	569,344
Other financing sources (uses):				
Transfers to capital projects	(66,470)	20,000	46,470	-
Transfers from proprietary fund	-	-	-	-
Transfers from capital reserve fund	-	-	-	-
Proceeds from sale of assets	8,225	-	-	8,225
Insurance recovery	3,230	-	-	3,230
Installment loan obligation issued	-	-	-	-
Total other financing sources (uses)	(55,015)	20,000	46,470	11,455
Net change in fund balance	514,195	20,019	46,585	580,799
Fund balances, beginning	1,950,555	67,023	195,890	2,213,468
Fund balances, ending	\$ 2,464,750	\$ 87,042	\$ 242,475	\$ 2,794,267

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

Exhibit 4

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

Net changes in fund balances-total governmental funds		\$	580,799
Governmental funds report capital outlays as expenditures.			
However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceed capital outlays in the current period.			
Capital outlay expenditures which were capitalized	\$	64,247	
Depreciation expense		(220,600)	(156,353)
OPEB benefit payments made in the current year not included on the Statement of Activities			1,429
Contributions to the pension plan in the current fiscal year not included on the Statement of Activities			7,595
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		-	
Change in unavailable revenues for tax revenues		14,029	14,029
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		-	
Principal payments on long term debt		83,373	
Increase in accrued interest payable		(2,695)	80,678
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		307	
Pension expense		(44,981)	
OPEB plan expense		(5,927)	(50,601)
Total change in net position of governmental activities		\$	477,576



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, 2021

Exhibit 5

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 839,426	\$ 839,426	\$ 931,568	\$ 92,142
Unrestricted intergovernmental	315,600	315,600	418,528	102,928
Sales, permits and fees	25,750	25,750	34,296	8,546
Restricted intergovernmental	51,000	85,419	62,361	(23,058)
Restricted intergovernmental -public safety	627,025	688,454	756,102	67,648
Investment earnings	15,000	15,000	3,301	(11,699)
Other revenues	35,200	40,200	23,957	(16,243)
Total revenues	1,909,001	2,009,849	2,230,113	220,264
Expenditures:				
Current				
General government	475,716	480,716	391,175	89,541
Public safety	889,945	894,241	795,310	98,931
Public works	392,321	392,321	330,622	61,699
Cultural and recreational	66,400	66,400	39,179	27,221
Debt service				
Principal	82,133	81,549	83,373	(1,824)
Interest	22,486	23,070	21,244	1,826
Total expenditures	1,929,001	1,938,297	1,660,903	277,394
Revenues over (under) expenditures	(20,000)	71,552	569,210	497,658
Other financing sources (uses):				
Transfer to other funds	-	(96,470)	(66,470)	30,000
Proceeds from sale of assets	-	6,107	8,225	2,118
Insurance recovery	-	3,230	3,230	-
Installment loan obligation issued	-	-	-	-
Total other financing sources (uses)	-	(87,133)	(55,015)	32,118
Fund balance appropriated	20,000	15,581	-	(15,581)
Net change in fund balances	\$ -	\$ -	514,195	\$ 514,195
Fund balances, beginning			1,950,555	
Fund balances, ending			\$ 2,464,750	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
June 30, 2021

Exhibit 6

	Water and Sewer Fund	Total Proprietary Funds
Assets		
Current assets:		
Cash and cash equivalents	\$ 908,603	\$ 908,603
Accounts receivable (net)-billed	99,298	99,298
Accounts receivable (net)-unbilled	33,816	33,816
Due from other governments	7,207	7,207
Restricted cash	<u>112,476</u>	<u>112,476</u>
Total current assets	<u>1,161,400</u>	<u>1,161,400</u>
Noncurrent assets		
Capital assets:		
Land and construction in progress	72,143	72,143
Fixed assets (net)	<u>3,199,341</u>	<u>3,199,341</u>
Total noncurrent assets	<u>3,271,484</u>	<u>3,271,484</u>
Total assets	<u>4,432,884</u>	<u>4,432,884</u>
Deferred outflows of resources		
Pension deferrals	<u>100,949</u>	<u>100,949</u>
Total deferred outflows of resources	<u>100,949</u>	<u>100,949</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	7,561	7,561
Customer deposits	87,476	87,476
Due to other funds	19,179	19,179
Deferred revenue	25,000	25,000
Notes payable-current	<u>155,390</u>	<u>155,390</u>
Total current liabilities	<u>294,606</u>	<u>294,606</u>
Noncurrent liabilities:		
Net pension liability	135,862	135,862
Compensated absences	24,562	24,562
Notes payable-noncurrent	<u>287,446</u>	<u>287,446</u>
Total noncurrent liabilities	<u>447,870</u>	<u>447,870</u>
Total liabilities	<u>742,476</u>	<u>742,476</u>
Net position		
Net investment in capital assets	2,828,648	2,828,648
Unrestricted	<u>962,709</u>	<u>962,709</u>
Total net position	<u>\$ 3,791,357</u>	<u>\$ 3,791,357</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, 2021

Exhibit 7

	Water and Sewer Fund	Total Proprietary Funds
Operating revenues:		
Charges for services	\$ 1,167,301	\$ 1,167,301
Water and sewer taps	42,810	42,810
FEMA grant for dam repairs	18,751	18,751
Other operating revenues	47,834	47,834
Total operating revenues	<u>1,276,696</u>	<u>1,276,696</u>
Operating expenses:		
Billing and administration	212,831	212,831
Public works facility	29,600	29,600
Water distribution	170,445	170,445
Water treatment plant	302,312	302,312
Sewer collection	311,584	311,584
Depreciation	127,641	127,641
Total operating expenses	<u>1,154,413</u>	<u>1,154,413</u>
Operating income (loss)	<u>122,283</u>	<u>122,283</u>
Nonoperating revenues (expenses):		
Investment earnings	2,401	2,401
Interest paid on long-term debt	(15,298)	(15,298)
Net nonoperating revenues (expenses)	<u>(12,897)</u>	<u>(12,897)</u>
Change in net position	109,386	109,386
Total net position, beginning	<u>3,681,971</u>	<u>3,681,971</u>
Total net position, ending	<u>\$ 3,791,357</u>	<u>\$ 3,791,357</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2021

Exhibit 8

	Water and Sewer Fund	Total Proprietary Funds
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,275,975	\$ 1,275,975
Cash paid for goods and services	(665,039)	(665,039)
Cash paid to employees for services	(315,849)	(315,849)
Customer deposits received and returned	7,426	7,426
Net cash provided by (used in) operating activities	<u>302,513</u>	<u>302,513</u>
Cash flows from noncapital financing activities:		
Increase (decrease) in amounts due from General Fund	<u>21,170</u>	<u>21,170</u>
Net cash provided by (used in) capital and related financing activities	<u>21,170</u>	<u>21,170</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(56,458)	(56,458)
Principal paid on debt	(155,390)	(155,390)
Interest paid on debt	(16,060)	(16,060)
Increase (decrease) in deferred revenues	-	-
Transfer to other funds	-	-
Net cash provided by (used in) capital and related financing activities	<u>(227,908)</u>	<u>(227,908)</u>
Cash flows from investing activities:		
Interest on investments	<u>2,401</u>	<u>2,401</u>
Net increase (decrease) in cash and cash equivalents	98,176	98,176
Cash and cash equivalents at beginning of year	<u>922,903</u>	<u>922,903</u>
Cash and cash equivalents at end of year	<u><u>1,021,079</u></u>	<u><u>1,021,079</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	<u>122,283</u>	<u>122,283</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	127,641	127,641
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(721)	(721)
(Increase) decrease in deferred outflows of resources for pensions	(10,838)	(10,838)
(Increase) decrease in due from other governments	1,734	1,734
Increase (decrease) in accounts payable and accrued liabilities	(6,084)	(6,084)
Increase (decrease) in customer deposits	7,426	7,426
Increase (decrease) in compensated absences	4,876	4,876
Increase (decrease) in net pension liability	56,196	56,196
Total adjustments	<u>180,230</u>	<u>180,230</u>
Net cash provided by (used in) operating activities	<u><u>\$ 302,513</u></u>	<u><u>\$ 302,513</u></u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Mount Pleasant and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Mount Pleasant is a municipal corporation which is governed by an elected mayor and a five-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Mount Pleasant ABC Board

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

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements- The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The Town has no fiduciary funds to report. 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, 2021

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 major enterprise funds:

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

Capital Project-USDA Loan- This fund is used to account for the renovation of the water and sewer lines funded by a proposed loan from United States Department of Agriculture.

Capital Project-Summer Street Pump Station- This fund is used to account for the renovation of the Summer Street pump station.

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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

C. Measurement Focus and Basis of Accounting-continued

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.

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, 2021, 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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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

1. Deposits and Investments-continued

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.

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.

Restricted Cash

Governmental Activities		
General Fund	Streets	\$41,253
	Public safety	31,930
		<u>\$73,183</u>
Business -type Activities		
Water and Sewer Fund	Customer deposits	\$87,476
	Deferred revenue	25,000
		<u>\$112,476</u>
Total Restricted Cash		<u>\$185,659</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, 2020. 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.



TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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

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.

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 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 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 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 2021 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 and OPEB deferrals.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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

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.

10. Compensated Absences

The vacation policy of the Town provides 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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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

11. Net Position/Fund Balances-continued

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.

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.

Assigned for Retiree Health Insurance-portion of the fund balance that has been budgeted by the governing body for future retiree's health insurance premiums.

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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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

11. Net Position/Fund Balances-continued

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.

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, 2021

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, 2021, the Town's deposits had a carrying amount of \$2,860,613 and a bank balance of \$2,907,103 of which \$314,635 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 \$100,953 and a bank balance of \$133,300 all of which was covered by federal depository insurance. At June 30, 2021 the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2021 the Town of Mount Pleasant had \$811,649 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's and AAAM-mf by Moody's Investors Service. The Town has no policy regarding credit risk and places no limit on the amount that the Town may invest in any one issuer.

The ABC Board owned no investments at June 30, 2021.

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, 2021 are net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$2,270
Water and Sewer Fund	
Accounts receivable	<u>42,703</u>
Total	<u>\$44,973</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

A. Assets-continued

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 338,302	\$ -	\$ -	\$ 338,302
Construction in progress	129,740	-	-	129,740
Total capital assets not being depreciated	468,042	-	-	468,042
Capital assets being depreciated:				
Buildings	1,708,263	-	-	1,708,263
Equipment	600,463	64,247	-	664,710
Land improvements	402,412	-	-	402,412
Vehicles and motorized equipment	3,057,908	-	-	3,057,908
Infrastructure	261,157	-	-	261,157
Total capital assets being depreciated	6,030,203	64,247	-	6,094,450
Less accumulated depreciation for:				
Buildings	710,209	43,490	-	753,699
Equipment	431,136	25,754	-	456,890
Land improvements	26,827	13,414	-	40,241
Vehicles and motorized equipment	1,709,357	129,237	-	1,838,594
Infrastructure	102,104	8,706	-	110,810
Total accumulated depreciation	2,979,633	\$220,601	\$ -	3,200,234
Total capital assets being depreciated, net	3,050,570			2,894,216
Governmental activity capital assets, net	\$3,518,612			\$3,362,258

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

General government	\$ 36,691
Cultural and recreational	11,783
Environmental protection	12,889
Public safety	137,318
Public works	21,920
Total depreciation expense	<u>\$220,601</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

A. Assets-continued

4. Capital Assets-continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated				
Land	\$ 15,684	\$ -	\$ -	\$ 15,684
Construction in progress	-	56,459	-	56,459
Total capital assets not being depreciated	15,684	56,459	-	72,143
Capital assets being depreciated:				
Buildings	613,604	-	-	613,604
Equipment	193,325	-	-	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	5,482,856	-	-	5,482,856
Less accumulated depreciation for:				
Buildings	125,641	14,546	-	140,187
Equipment	89,020	15,604	-	104,624
Motor vehicles	31,339	4,742	-	36,081
Water system	1,070,192	44,575	-	1,114,767
Sewer system	839,681	48,175	-	887,856
Total accumulated depreciation	2,155,873	\$ 127,642	\$ -	2,283,515
Total capital assets being depreciated, net	3,326,983			3,199,341
Business-type activities capital assets, net	\$3,342,667			\$3,271,484

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and equipment	\$ 35,042	\$ -	\$ 477	\$ 34,565
Leasehold improvements	16,870	-	-	16,870
Total capital assets being depreciated	51,912	-	477	51,435
Less accumulated depreciation for:				
Furniture and equipment	25,351	2,718	477	27,592
Leasehold improvements	16,748	134	-	16,882
Total accumulated depreciation	42,099	\$ 2,852	\$ 477	44,474
ABC, capital assets, net	\$ 9,813			\$ 6,961

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2021, was 10.15% of compensation for employees not in law enforcement, and the ABC Boards contribution rate was 7.75% 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 \$50,426 and for the ABC Board \$6,296 for the year ended June 30, 2021.

*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, 2021

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

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, 2021, the Town and the ABC Board reported a liability of \$247,638 and \$-0-, respectively for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the Town's proportion was 0.00693%, which was an increase of 0.00157% from its proportion measured as of June 30, 2019. At June 30, 2020, the ABC Board's proportion was 0.00000%, which was a decrease of 0.00109% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2021, the Town recognized pension expense of \$133,253. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,272	\$ -
Changes of assumptions	18,429	-
Net difference between projected and actual earnings on pension plan investments	34,848	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	49,027	-
Town contributions subsequent to the measurement date	50,426	-
Total	<u>\$ 184,002</u>	<u>\$ -</u>

The Town reported \$50,426 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 44,411
2023	48,655
2024	30,200
2025	10,310
2026	-
Thereafter	-
Total	<u>\$ 133,576</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

**a. Local Governmental Employees' Retirement System-continued**

For the year ended June 30, 2021, the ABC Board recognized pension expense of (\$3,801). At June 30, 2021, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,337	13,003
Board contributions subsequent to the measurement date	6,296	-
Total	<u>\$ 8,633</u>	<u>\$ 13,003</u>

The ABC Board reported \$6,296 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2022	\$ (3,648)
2023	(3,445)
2024	(3,573)
2025	-
Total	<u>\$ (10,666)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2021

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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 2019 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, 2021

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

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% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 502,431	\$ 247,638	\$ 35,888

*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% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -

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, 2021 were \$32,414, which consisted of \$22,208 from the Town and \$10,206 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, 2021

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

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:

	<u>401(k)</u>	<u>LGERS</u>	<u>Total</u>
Pension expense	\$ 22,208	\$ 133,254	\$ 155,462
Pension liability	n/a	247,638	247,638
Proportionate share of the net pension liability	n/a	0.00693%	
Deferred outflows of resources			
Difference between expected and actual experience	-	31,272	31,272
Changes of assumptions	-	18,429	18,429
Net difference between projected and actual earnings on plan investments	-	34,848	34,848
Changes in proportion and differences between contributions and proportional share of contributions	-	49,027	49,027
Benefit payments and administrative costs paid subsequent to the measurement date	-	50,426	50,426
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, 2021

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

d. Other Postemployment Benefit-continued

**Total OPEB Liability**

The Town's total OPEB liability of \$46,815 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs.

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation 2.50%

Salary increases 3.50% - 7.75%, average, including inflation

Discount rate 2.21%

Healthcare cost trend rates Medical – 7.00%

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, 2019	6,918
Service Cost at the end of the year	-
Interest on TOL and Cash Flows	164
Change in benefit terms	-
Difference between expected and actual experience	36,228
Change of assumptions or other inputs	8,001
Benefit payments	(4,496)
Total OPEB Liability as of June 30, 2020	<u>\$ 46,815</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 (1.21 percent) or one percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 54,461	\$ 46,815	\$ 40,008

*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 (7.0 percent) or one percentage point higher (8.0 percent) than the current healthcare trend rate:

	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)
Total OPEB Liability	\$ 36,581	\$ 46,815	\$ 59,851

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

d. Other Postemployment Benefit-continued

For the year ended June 30, 2021, the Town recognized OPEB expense of \$2,496. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,318	\$ -
Town benefit payments subsequent to measurement date	-	-
Changes in assumptions or other inputs	7,579	-
Total	<u>\$ 41,897</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	\$ 50,426
Difference between expected and actual experience	65,590
Changes of assumptions	26,008
Net difference between projected and actual	34,848
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,027
Total	<u>\$ 225,899</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 20,432
Difference between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Total	<u>\$ -</u>	<u>\$ 20,432</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

B. Liabilities-continued

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, 2021. The Town does not carry an individual bond on a tax collector because it outsources its tax collection to Cabarrus County.

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

4. Long-Term Obligations

a. General Obligation Indebtedness

The Town has no general obligation indebtedness at June 30, 2021.

At June 30, 2021, the Town of Mount Pleasant had a remaining legal debt margin of \$13,526,679.

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, 2021, including interest of \$11,666, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2022	\$ 73,094	\$5,833
2023	73,094	3,889
2024	73,095	1,944
	<u>\$219,283</u>	<u>\$11,666</u>



TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

B. Liabilities-continued

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, 2021, including interest of \$9,410, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2022	\$58,962	\$4,705
2023	58,962	3,137
2024	58,963	1,568
	<u>\$176,887</u>	<u>\$9,410</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, 2021, including interest of \$5,022 are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2022	\$23,333	\$1,674
2023	23,333	1,005
2024	23,334	334
	<u>\$ 70,000</u>	<u>\$3,013</u>

Year Ending June 30	Business-type activities	
	Principal	Interest
2022	\$23,333	\$1,339
2023	23,334	670
	<u>\$46,667</u>	<u>\$2,009</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

B. Liabilities-continued

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, 2021, including interest of \$4,625, are as follows:

Year Ending June 30	Governmental activities Principal	Interest
2022	\$28,496	\$2,324
2023	29,288	1,532
2024	30,102	719
2025	7,258	50
	\$95,144	\$4,625

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, 2021, including interest of \$98,811, are as follows:

Year Ending June 30	Governmental activities Principal	Interest
2022	\$33,649	\$ 14,470
2023	34,673	13,446
2024	35,729	12,390
2025	36,817	11,303
2026	37,937	10,182
2027-2031	207,729	32,867
2032-2036	106,739	4,153
	\$493,273	\$98,811

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

B. Liabilities-continued

g. Changes in Long-Term Liabilities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 741,790	\$ -	\$ 83,373	\$ 658,417	\$ 85,479
Net pension liability (LGERS)	66,711	45,065	-	111,776	-
Net OPEB liability	6,918	39,897	-	46,815	-
Compensated absences	16,922	-	307	16,615	-
Governmental activities long-term liabilities	832,341	84,962	83,680	833,623	85,479
Business type activities:					
Water and Sewer Fund					
Net pension liability (LGERS)	79,666	56,196	-	135,862	-
Installment purchases	598,227	-	155,390	442,837	155,390
Compensated absences	19,686	4,875	-	24,561	-
Business type activities long-term liabilities	\$697,579	\$ 61,071	\$155,390	\$ 603,260	\$ 155,390

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021 consist of the following:

Due to/from other funds:

Due to General Fund from the Water and Sewer Fund	<u>\$30,000</u>
Temporary loan to Summer Street Capital Project to begin the capital project. These temporary loans are to be repaid as the project funding becomes available.	
Due to Water and Sewer Fund from General Fund	<u>\$8,914</u>
Refund of sales tax paid not yet transferred.	
Due to Business-Type Funds from Governmental Funds	<u>\$1,907</u>
Additional amount from accrual adjustments for pension asset/liability.	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021

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	\$2,464,750
Less:	
Inventories	-
Stabilization by State Statute	201,165
Streets-Powell Bill	41,253
Appropriated Fund Balance in 2022 budget	506,500
Working Capital/Fund Balance Policy	1,077,857
Assigned for retiree health insurance	14,405
Remaining Fund Balance	623,570

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, 2021, 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, 2021. 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, 2021, 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 13, 2021, 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 Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Mount Pleasant's proportion of the net pension liability (asset) (%)	0.00693%	0.00536%	0.00459%	0.00428%	0.00420%	0.00320%	0.00528%	0.00510%
Mount Pleasant's proportion of the net pension liability (asset) (\$)	\$ 247,638	\$ 146,377	\$ 108,890	\$ 65,387	\$ 89,139	\$ 14,361	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 428,512	\$ 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	57.79%	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	88.61%	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 Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 50,426	\$ 64,662	\$ 56,852	\$ 46,465	\$ 37,241	\$ 18,928	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	50,426	64,662	56,852	46,465	37,241	18,928	24,671	21,081
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mount Pleasant's covered-employee payroll	\$ 438,069	\$ 428,512	\$ 409,300	\$ 340,651	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171
Contributions as a percentage of covered-employee payroll	11.51%	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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	-	-	-	-
Interest	164	383	544	-
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	36,228	(204)	235	-
Changes of assumptions	8,001	13	(41)	-
Benefit payments	(4,496)	(6,180)	(6,180)	-
Net change in total OPEB liability	39,897	(5,988)	(5,442)	-
Total OPEB liability - beginning	6,918	12,906	18,348	-
Total OPEB liability - ending	46,815	6,918	12,906	-
Covered payroll	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	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>
2021	2.21%
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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>Ad valorem taxes</b>			
Taxes	\$ 837,426	\$ 928,022	\$ 90,596
Penalties and interest	2,000	3,546	1,546
Total	839,426	931,568	92,142
<b>Unrestricted intergovernmental</b>			
Local option sales tax	192,000	300,332	108,332
Utility sales tax	80,000	80,606	606
Telecommunications sales tax	18,900	11,704	(7,196)
Local video program tax	17,700	17,696	(4)
Beer and wine taxes	7,000	8,190	1,190
Total	315,600	418,528	102,928
<b>Sales, permits, and fees</b>			
Solid waste fees	2,750	5,894	3,144
Demo fees-code enforcement liens	-	400	400
Recycling fees	20,000	24,682	4,682
Permits and fees	3,000	3,320	320
Total	25,750	34,296	8,546
<b>Restricted intergovernmental</b>			
Solid waste disposal tax	1,000	1,543	543
CRF reimbursement grant	34,419	11,582	(22,837)
Powell Bill allocation	50,000	49,236	(764)
Total	85,419	62,361	(23,058)
<b>Restricted intergovernmental-public safety</b>			
NC Fire Protection grant	-	1,109	1,109
FEMA grant	61,429	61,429	-
Cabarrus Co. EMS grant	1,000	1,000	-
Contract fire-Cabarrus Co.	516,025	583,483	67,458
Contract fire-Cabarrus Co tax distribution	110,000	109,081	(919)
Total	688,454	756,102	67,648



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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Investment earnings</b>	<u>15,000</u>	<u>3,301</u>	<u>(11,699)</u>
<b>Other revenues</b>			
Rent and other	7,200	12,275	5,075
Arts council grant	5,000	5,000	-
Dependent insurance reimbursement	500	74	(426)
Miscellaneous	25,000	6,278	(18,722)
Events revenue	2,500	30	(2,470)
Fines	-	300	300
Total	<u>40,200</u>	<u>23,957</u>	<u>(16,243)</u>
Total revenues	<u>2,009,849</u>	<u>2,230,113</u>	<u>220,264</u>
<b>Expenditures</b>			
<b>General government</b>			
Town Hall			
Contracted services	5,800	4,845	955
Utilities	18,000	7,553	10,447
Maintenance and repairs-building	6,000	18,122	(12,122)
Maintenance and repairs-equipment	3,000	30	2,970
Insurance-property and casualty	33,000	29,362	3,638
Telephone	12,700	11,468	1,232
Cleaning supplies	500	332	168
Fuel	500	88	412
Total	<u>79,500</u>	<u>71,800</u>	<u>7,700</u>
Governing body			
Mayor-stipend	7,800	7,800	-
Board member stipend	15,000	15,000	-
Social security	1,750	1,698	52
Education and travel	500	-	500
Election fee	5,600	-	5,600
Cabarrus Economic Development	2,500	2,000	500
Cabarrus Rowan MPO	500	387	113
Departmental supplies and materials	2,750	8,445	(5,695)
Total	<u>36,400</u>	<u>35,330</u>	<u>1,070</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration and Finance			
Salaries and wages	47,895	48,329	(434)
Salaries and wages-longevity	1,250	1,250	-
Salaries and wages-lump sum	2,000	2,000	-
Health insurance	7,075	7,075	-
Insurance-dental/vision	460	458	2
Health insurance-other	500	193	307
Future retiree insurance	5,000	-	5,000
Social security	9,025	5,277	3,748
Employee benefits-retirement	7,802	6,245	1,557
Employee benefits-401k	2,395	2,577	(182)
Retiree insurance	1,850	1,429	421
Dues and subscriptions	3,700	3,611	89
Education and travel	6,000	175	5,825
Insurance-workman's comp	2,100	2,299	(199)
Attorney fees	11,000	8,356	2,644
Auditor fees	11,000	10,000	1,000
Tax collection expense	5,000	4,369	631
Tax penalty paid to school system	1,000	317	683
Contracted services	37,000	24,754	12,246
Communications-mobile	2,600	2,520	80
Advertising	3,500	1,330	2,170
Office supplies and postage	6,500	5,241	1,259
Computers and software	11,500	22,967	(11,467)
Office staff uniforms	200	-	200
Miscellaneous	4,787	(497)	5,284
	<u>191,139</u>	<u>160,275</u>	<u>30,864</u>
Total			

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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Planning and development			
Salaries and wages	59,482	59,788	(306)
Salaries and wages code enforcement	8,000	3,813	4,187
Planning board stipend	7,200	7,200	-
Health insurance	7,060	7,060	-
Insurance-dental/vision	490	484	6
Social security	5,720	5,416	304
Employee benefits-retirement	12,675	9,748	2,927
Dues and subscriptions	750	616	134
Education and travel	2,000	1,312	688
Attorney fees	10,000	5,269	4,731
Contracted services-planning	6,000	6,000	-
Abatement & demolition	5,000	-	5,000
Town branding expense	-	875	(875)
Studies-planning	20,000	120	19,880
Downtown development	11,000	12,006	(1,006)
Facade improvement program	10,000	225	9,775
Economic development	-	1,100	(1,100)
Advertising	5,600	926	4,674
Uniforms	200	499	(299)
Resources & manuals	500	-	500
Code enforcement-miscellaneous	1,000	523	477
Department supplies and postage	1,000	790	210
Total	173,677	123,770	49,907
Total general government	480,716	391,175	89,541

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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public safety</b>			
Law enforcement			
Contract services-Cabarrus County	155,170	155,170	-
Maintenance and repair -vehicles and equipment	7,230	4,228	3,002
Departmental supplies and postage	500	400	100
Fuel	7,500	5,846	1,654
Total	170,400	165,644	4,756
Fire department			
Salaries and wages	354,600	304,045	50,555
Health insurance	2,250	2,248	2
Insurance-dental/vision	150	150	-
Social security	27,125	23,259	3,866
Employee benefits-retirement	2,600	1,727	873
Employee benefits-401k	850	812	38
Dues and subscriptions	1,250	1,013	237
Education and travel	1,500	1,141	359
Firemen's physicals	1,000	-	1,000
Insurance-workman's comp	18,000	13,175	4,825
Auditing services	2,000	2,000	-
Utilities	12,000	7,961	4,039
Maintenance and repairs-building	11,500	69,622	(58,122)
Maintenance and repairs-vehicles and equipment	43,000	27,031	15,969
Insurance-property and casualty	25,000	23,450	1,550
Telephone	4,000	3,959	41
Communications-mobile	3,250	3,612	(362)
Departmental supplies and materials	4,407	6,054	(1,647)
Office supplies	400	152	248
Fire and rescue supplies	22,500	22,642	(142)
Uniforms	5,000	1,789	3,211
EMS supplies	2,500	2,101	399
Computers and software	17,000	19,460	(2,460)
Personal protective gear	18,000	13,575	4,425
Fuel	14,000	9,774	4,226
Capital outlay-building	124,959	-	124,959
Capital outlay-vehicles & equipment	-	65,752	(65,752)
Miscellaneous	5,000	3,162	1,838
Total	723,841	629,666	94,175
Total public safety	894,241	795,310	98,931

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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public works</b>			
Public works facilities general			
Contracted services	600	67	533
Utilities	35,000	28,903	6,097
Maintenance and repairs-building	5,000	371	4,629
Insurance property and casualty	3,250	3,086	164
Telephone	1,500	1,310	190
Department supplies & postage	400	-	400
Miscellaneous	2,174	305	1,869
Total	47,924	34,042	13,882
<b>Streets</b>			
Salaries	25,380	26,081	(701)
Health insurance	4,760	4,760	-
Insurance-dental/vision	305	305	-
Social security	1,950	1,995	(45)
Employee benefits-retirement	4,150	3,007	1,143
Employee benefits-401k	1,270	1,551	(281)
Education and travel	500	-	500
Insurance-workman's comp	4,000	1,415	2,585
Contracted services-engineer	7,500	1,620	5,880
Snow and ice removal	1,500	196	1,304
Maintenance and repairs-vehicles and equipment	5,000	4,376	624
Maintenance and repairs-sidewalks	1,500	-	1,500
Maintenance and repairs-streets	10,000	7,897	2,103
Maintenance and repairs-parking lot	5,000	350	4,650
Departmental supplies and materials	3,500	180	3,320
Fuel	4,000	381	3,619
Powell Bill expenditures	50,000	42,383	7,617
Total	130,315	96,497	33,818
<b>Sanitation</b>			
Contract services-recycling	20,000	18,396	1,604
Contract services	77,500	67,662	9,838
Landfill fees	25,000	32,471	(7,471)
Departmental supplies and postage	20,000	15,184	4,816
Total	142,500	133,713	8,787

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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Buildings and grounds</b>			
Salaries	44,400	42,929	1,471
Health insurance	8,325	8,325	-
Insurance-dental/vision	532	532	-
Social security	3,400	3,284	116
Employee benefits-retirement	7,250	4,925	2,325
Employee benefits-401k	2,225	1,741	484
Insurance-workman's comp	2,750	1,415	1,335
Maintenance and repairs-vehicles and equipment	500	2,155	(1,655)
Departmental supplies and postage	2,200	1,064	1,136
<b>Total</b>	<b>71,582</b>	<b>66,370</b>	<b>5,212</b>
<b>Total public works</b>	<b>392,321</b>	<b>330,622</b>	<b>61,699</b>
<b>Cultural and recreational</b>			
Park maintenance	14,000	11,938	2,062
Mt Pleasant beautification	5,000	4,776	224
CVAN-Battered Shelter	500	500	-
Cabarrus Arts Council	1,000	1,000	-
Eastern Cabarrus Historical Society	1,000	1,000	-
Cabarrus Health Alliance	500	420	80
Youth council	1,500	1,092	408
Independence day celebration	17,000	13,679	3,321
Christmas parade	1,500	-	1,500
Charitable contribution	400	1,221	(821)
Christmas decorations	4,000	3,553	447
Events expense	10,000	-	10,000
Capital outlay-buildings and grounds	10,000	-	10,000
<b>Total cultural and recreational</b>	<b>66,400</b>	<b>39,179</b>	<b>27,221</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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Debt service</b>			
Principal	81,549	83,373	(1,824)
Interest	23,070	21,244	1,826
Total debt service	104,619	104,617	2
Total expenditures	1,938,297	1,660,903	277,394
Revenues over (under) expenditures	71,552	569,210	497,658
<b>Other financing sources (uses)</b>			
Transfer to capital projects fund	(46,470)	(46,470)	-
Transfer to capital reserve general fund	(20,000)	(20,000)	-
Transfer to USDA capital project fund	(30,000)	-	30,000
Sale of capital assets	6,107	8,225	2,118
Insurance recovery	3,230	3,230	-
Total	(87,133)	(55,015)	32,118
Fund balance appropriated	15,581	-	(15,581)
Net change in fund balance	\$ -	514,195	\$ 514,195
<b>Fund balances</b>			
Fund balances, beginning		1,950,555	
Fund balances, ending		\$ 2,464,750	

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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services			
Water charges	\$ 603,250	\$ 637,649	\$ 34,399
Sewer charges	512,250	529,652	17,402
Water and sewer taps	42,810	42,810	-
FEMA grant for dam repairs	18,751	18,751	-
Lease revenue cell phone satellites	21,000	21,210	210
Other operating revenues	16,000	26,624	10,624
	<u>1,214,061</u>	<u>1,276,696</u>	<u>62,635</u>
Total operating revenues			
Nonoperating revenues			
Investment earnings	5,000	2,365	(2,635)
	<u>5,000</u>	<u>2,365</u>	<u>(2,635)</u>
Total nonoperating revenues			
	<u>5,000</u>	<u>2,365</u>	<u>(2,635)</u>
Total revenues	<u>1,219,061</u>	<u>1,279,061</u>	<u>60,000</u>
<b>Expenditures</b>			
Billing and water sewer administration			
Salaries and wages	82,300	79,578	2,722
Salaries and wages longevity	1,000	750	250
Salaries and wages longevity	2,000	2,000	-
Health insurance	13,370	11,452	1,918
Insurance-dental/vision	855	931	(76)
Social security	7,485	7,333	152
Employee benefits-retirement	13,400	9,272	4,128
Employee benefits-401k	4,120	4,596	(476)
Employee benefits-retiree insurance	1,850	1,348	502
Dues and subscriptions	650	600	50
Insurance-workman's comp	2,500	1,413	1,087
Contracted services-engineer	20,000	13,322	6,678
Auditor fees	11,000	10,000	1,000
Attorney fees	5,000	1,692	3,308
Contracted services-administration	15,000	13,695	1,305
Equipment lease	5,500	4,292	1,208
Transaction processing fees	10,000	11,027	(1,027)
Communications-mobile	2,500	2,021	479
Office supplies and postage	9,500	8,369	1,131
Uniforms	2,500	2,599	(99)
Fuel	2,500	1,377	1,123
Miscellaneous	1,348	1,160	188
Bad debt provision	-	5,139	(5,139)
	<u>214,378</u>	<u>193,966</u>	<u>20,412</u>
Total billing and administrative			



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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Public Works Facility-Water and Sewer			
Utilities	10,000	10,344	(344)
Maintenance and repairs-building	9,000	10,295	(1,295)
Insurance-property and casualty	3,000	2,850	150
Telephone	5,000	5,942	(942)
Office supplies	400	169	231
Total public works facility	<u>27,400</u>	<u>29,600</u>	<u>(2,200)</u>
Water distribution			
Salaries and wages	44,200	46,530	(2,330)
Health insurance	8,325	7,643	682
Insurance-dental/vision	540	540	-
Social security	3,400	3,556	(156)
Employee benefits-retirement	7,200	5,336	1,864
Employee benefits-401k	2,225	2,729	(504)
Education and travel	2,000	128	1,872
Contracted services	-	2,038	(2,038)
Water purchase	8,556	1,347	7,209
Maintenance and repairs-hydrants	5,000	3,203	1,797
Maintenance and repairs-vehicles and equip.	2,850	3,556	(706)
Maintenance and repairs-water lines	60,310	53,282	7,028
Maintenance and repairs-meters	21,000	21,922	(922)
Departmental supplies	8,000	9,413	(1,413)
Miscellaneous	730	458	272
Total water distribution	<u>174,336</u>	<u>161,681</u>	<u>12,655</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, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Water treatment plant			
Salaries and wages	67,683	68,692	(1,009)
Salaries and wages-part time	24,000	32,509	(8,509)
Salaries and wages-longevity	250	250	-
Salaries and wages-lump sum	500	500	-
Health insurance	7,425	6,999	426
Health reimbursement account	-	-	-
Insurance-dental/vision	475	554	(79)
Social security	7,130	7,799	(669)
Employee benefits-retirement	11,030	7,959	3,071
Employee benefits-401k	3,460	3,472	(12)
Dues and subscriptions	2,000	4,637	(2,637)
Education and travel	500	375	125
Insurance-workers comp	2,890	1,413	1,477
Insurance-property and casualty	3,300	2,850	450
Contracted services	30,450	31,037	(587)
Utilities	42,000	37,425	4,575
Maintenance and repairs-building	2,000	84	1,916
Maintenance and repairs-vehicle	400	613	(213)
Maintenance and repairs-equipment	119,635	52,168	67,467
Telephone	5,000	1,471	3,529
Mobil communications	600	600	-
Departmental supplies	6,000	8,840	(2,840)
Office supplies	400	223	177
Chemicals	33,000	32,131	869
Computers & software	1,500	1,252	248
Fuel	400	-	400
Miscellaneous	980	852	128
Total water treatment plant	<u>373,008</u>	<u>304,705</u>	<u>68,303</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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Sewer collection			
Salaries and wages	44,200	45,156	(956)
Health insurance	8,325	7,648	677
Insurance-dental/vision	540	590	(50)
Social security	3,400	3,399	1
Employee benefits-retirement	7,200	5,098	2,102
Employee benefits-401k	2,225	1,839	386
Education and travel	2,000	180	1,820
Sewage treatment	195,000	192,763	2,237
Maintenance and repairs-vehicles and equip.	5,500	4,263	1,237
Maintenance and repairs-sewer lines	20,000	9,057	10,943
Maintenance and repairs-pump station	15,000	13,276	1,724
Maintenance and repairs-manholes/covers	32,500	-	32,500
Departmental supplies	2,500	3,097	(597)
Miscellaneous	980	136	844
Total sewer collection	<u>339,370</u>	<u>286,502</u>	<u>52,868</u>
Debt service			
Interest	16,061	16,060	1
Principal retirement	<u>155,392</u>	<u>155,390</u>	<u>2</u>
Total debt service	<u>171,453</u>	<u>171,450</u>	<u>3</u>
Total expenditures	<u>1,299,945</u>	<u>1,147,904</u>	<u>152,041</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, 2021

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues over (under) expenditures	<u>(80,884)</u>	<u>131,157</u>	<u>212,041</u>
Other financing sources (uses):			
Transfer to other funds:			
Capital projects	<u>(678,000)</u>	<u>(110,000)</u>	<u>568,000</u>
Total	<u>(678,000)</u>	<u>(110,000)</u>	<u>568,000</u>
Fund balance appropriated	<u>758,884</u>	<u>-</u>	<u>(758,884)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>21,157</u>	<u>\$ 21,157</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Revenues over expenditures		<u>21,157</u>	
Reconciling items			
Decrease in accrued interest		762	
Increase in due to other funds		(84)	
Increase in compensated absences		(4,876)	
Principal retirement		155,390	
Transfer to capital projects fund		110,000	
Investment income capital projects fund		36	
Increase in deferred outflows of resources-pensions		10,838	
Increase in net pension liability		(56,196)	
Depreciation		<u>(127,641)</u>	
Total reconciling items		<u>88,229</u>	
Change in net position		<u>\$ 109,386</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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 84	\$19	\$ 103	\$ 103
Total revenues	-	84	19	103	103
Other financing sources (uses)					
Debt proceeds				-	-
Transfer from General Fund	400,000	151,459	20,000	171,459	(228,541)
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer to General Fund	(400,000)	(84,520)	-	(84,520)	315,480
Total other financing sources (uses)	-	66,939	20,000	86,939	86,939
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 67,023	\$ 20,019	\$ 87,042	\$ 87,042

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 259	\$ 115	\$ 374	\$ 374
Total revenues	-	259	115	374	374
Expenditures					
Building construction	1,300,000	-	-	-	1,300,000
Parking lot construction	100,000	-	-	-	100,000
Engineering and architect fees	312,000	229,325	-	229,325	82,675
Contingency	130,000	877	-	877	129,123
Total expenditures	1,842,000	230,202	-	230,202	1,611,798
Revenues over (under) expenditures	(1,842,000)	(229,943)	115	(229,828)	1,612,172
Other financing sources (uses)					
Transfer from General Fund	442,000	425,833	46,470	472,303	30,303
Proceeds from installment borrowing	1,400,000	-	-	-	(1,400,000)
Total other financing sources (uses)	1,842,000	425,833	46,470	472,303	(1,369,697)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 195,890	\$ 46,585	\$ 242,475	\$ 242,475

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 CAPITAL PROJECT-SUMMER STREET PUMP STATION - WATER SEWER FUND  
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
 From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ -	\$ 15	\$ 15	\$ 15
Total revenues	-	-	15	15	15
Expenditures					
Construction	426,000	-	-	-	426,000
	-	-	-	-	-
Engineering and architect fees	70,000	-	26,750	26,750	43,250
Miscellaneous	2,000	-	190	190	1,810
Total expenditures	498,000	-	26,940	26,940	471,060
Revenues over (under) expenditures	(498,000)	-	(26,925)	(26,925)	471,075
Other financing sources (uses)					
Transfer from Water Sewer Fund	143,927	-	70,000	70,000	(73,927)
American Relief Funds Grant	354,073	-	-	-	(354,073)
Total other financing sources (uses)	498,000	-	70,000	70,000	(428,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 43,075	\$ 43,075	\$ 43,075

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
CAPITAL PROJECT-USDA FINANCED INFRASTRUCTURE UPGRADE - WATER SEWER FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income-water project	\$ -	\$ -	\$ 11	\$ 11	\$ 11
Interest income-sewer project	-	-	10	10	10
Total revenues	-	-	21	21	21
Expenditures					
Construction-water project	-	-	-	-	-
Construction-sewer project	-	-	-	-	-
Bond counsel-water project	20,000	-	-	-	20,000
Bond counsel-sewer project	20,000	-	-	-	20,000
Engineering predev-ER water project	5,000	-	5,000	5,000	-
Engineering predev-ER sewer project	5,000	-	5,000	5,000	-
Engineering predev-PER water project	9,000	-	9,000	9,000	-
Engineering predev-PER sewer project	9,000	-	9,000	9,000	-
Wetland delineatin study-sewer project	-	-	1,177	1,177	(1,177)
Miscellaneous-water project	1,000	-	171	171	829
Miscellaneous-sewere project	1,000	-	170	170	830
Total expenditures	70,000	-	29,518	29,518	40,482
Revenues over (under) expenditures	(70,000)	-	(29,497)	(29,497)	40,503
Other financing sources (uses)					
USDA loan proceeds-water project	-	-	-	-	-
USDA loan proceeds-sewer project	-	-	-	-	-
Transfer from Water Sewer Fund-water project	35,000	-	20,000	20,000	(15,000)
Transfer from Water Sewer Fund-sewer project	35,000	-	20,000	20,000	(15,000)
Total other financing sources (uses)	70,000	-	40,000	40,000	(30,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 10,503	\$ 10,503	\$ 10,503



TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021		\$ 927,539	\$ 915,300	\$ 12,239
2019-2020	\$ 2,563	15,467	12,210	5,820
2018-2019	4,282	-	970	3,312
2017-2018	125	-	100	25
2016-2017	24	-	-	24
2015-2016	40	-	-	40
2014-2015	122	-	-	122
2013-2014	561	-	-	561
2012-2013	130	-	-	130
2011-2012	429	-	-	429
2010-2011	202	-	202	-
	<u>\$ 8,478</u>	<u>\$ 943,006</u>	<u>\$ 928,782</u>	<u>22,702</u>
Less allowance for uncollectible accounts:				
General Fund				<u>2,270</u>
Ad valorem taxes receivable-net				<u>20,432</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				931,568
Reconciling items				
Interest collected				(3,546)
Taxes written off				<u>760</u>
Total collections and credits				<u>\$ 928,782</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
TOWN-WIDE LEVY  
For the Fiscal Year Ended June 30, 2021

	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	\$ 182,507,582	\$.505	\$ 921,805	\$ 838,888	\$ 82,917
Penalties	-		482	482	-
Total	182,507,582		922,287	839,370	82,917
Discoveries:					
Current year taxes	572,995	.505	2,894	2,894	-
Prior year taxes	-		3,014	3,014	-
Penalties	-		10	10	-
Total	572,995		5,918	5,918	-
Releases	(231,431)		(666)	(231)	(435)
Total property valuation	<u>\$ 182,849,146</u>				
Net levy			927,539	845,057	82,482
Uncollected taxes at June 30, 2021			(12,239)	(12,239)	-
Current year's taxes collected			<u>\$ 915,300</u>	<u>\$ 832,818</u>	<u>\$ 82,482</u>
Current levy collection percentage			<u>98.68%</u>	<u>98.55%</u>	<u>100.00%</u>

# EDDIE CARRICK, CPA, PC

Certified Public Accountant

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## Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, 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, 2021, and the related notes to the financial statements, which collectively comprises the Town of Mount Pleasant's basic financial statements, and have issued our report thereon dated October 30, 2021.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Mount Pleasant's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mount Pleasant's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the following paragraph that we consider to be significant deficiencies.

Due to the limited number of personnel in the Town of Mount Pleasant's office, there are inherent limitations to segregation of duties among Town of Mount Pleasant's personnel. Presently, a single individual prepares checks, reconciles bank accounts, performs all payroll duties and maintains the general ledger. Alternative controls should be used to compensate for any lack of segregation of duties. The Town of Mount Pleasant's governing board should provide some of these controls. Management is aware of the deficiency, but cost-benefit analysis indicates that hiring more personnel to mitigate this issue is not feasible. Management will request specific board members become more involved by providing additional oversight.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mount Pleasant's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Town of Mount Pleasant's Response to Findings

The Town of Mount Pleasant's responses to the findings identified in our audit are described previously. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eddie Carrick, CPA, PC



Lexington, North Carolina  
October 30, 2021