

**Town of Mount Pleasant  
Mount Pleasant, North Carolina  
For the Year Ended  
June 30, 2022**

**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**

**Christopher Carter**

**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**

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**June 30, 2022**

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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 Audit of the Financial Statements**

***Opinions***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Mount Pleasant, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Mount Pleasant, North Carolina's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Mount Pleasant, North Carolina, as of June 30, 2022, and the respective changes in financial position, cash flows thereof and the respective budgetary comparison for the General Fund and major annually budgeted special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Mount Pleasant, North Carolina and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Emphasis of Matter***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mount Pleasant, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Mount Pleasant, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mount Pleasant, North Carolina's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-17 and 19 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 52 through 53, respectively, and the Schedule of Changes in the Total OPEB Liability and Related Ratios on page 54, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mount Pleasant, North Carolina's basic financial statements. The individual fund statements, budgetary schedules, other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, 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 Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2022, on my consideration of the Town of Mount Pleasant, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mount Pleasant, North Carolina's 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, North Carolina's internal control over financial reporting and compliance.

Eddie Carrick CPA, PC

Handwritten signature of Eddie Carrick CPA, PC in black ink.

Lexington, North Carolina  
November 15, 2022

## 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, 2022. 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 2021/2022, the Town decided to use a conservative collection rate of 96% for real, personal, vehicles, and public utility property due to the still uncertainty of COVID-19 effect on the economy. At the tax rate of .0505 cents per hundred, we estimated a penny would generate \$17,552 in revenues. Total General Fund revenues and other financing sources were projected to be \$3,338,077 which included an \$826,598 appropriation of fund balance. On June 30, 2022, our actual revenues and other financing sources were \$3,191,752.

**Water Base Rates for FY2021/2022** increased \$1.25 on the base rate and a tiered system was implemented. The tiered system charges higher-volume customers additional amounts per 1,000 gallons based on usage.

**Sewer rates** remained unchanged. The Town received an increase from WSACC; however, the Town Board decided not to pass on to the customers due to the water rate increase.

**Combined budget for FY 2021/2022** was \$3,531,979 (general fund \$2,267,628 and water sewer \$1,264,351).

**Employee Raises and 401k for Full-Time Employees:** During fiscal year 2021/2022 the Town Board of Commissioners approved a 5% increase for full-time employees; Firefighter salaries also increased in January 2022 from \$12 minimum per hour to \$13 base per hour.

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

**Employer Contributions to the Local Government Employee Retirement System:** The Town of Mount Pleasant entered the Local Government Employee 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. The Town fulfilled the need to satisfy the additional retirement requirements in 2020, and during fiscal year 2021/2022, the Town had a contribution rate to the Employee Retirement System of 11.350%.

**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 \$6,000 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 \$6,000 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. After further investigation from an Engineer specializing in dam construction, we changed the scope of the project resulting in a cost less than the bid (\$206,366) and below the FEMA limit of \$230,000.

**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 \$31,163 per year. We also partnered with AT&T to place a cell tower on the North Drive Water Tank. We also partnered with AT&T to place a cell tower on the North Drive Water Tank. Revenue of \$21,846 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 2021/2022, the Town sold an engine for \$210,000. Proceeds from this sale were set aside in a Fire Department Vehicle Capital Reserve and were used to purchase a 100' fully refurbished ariel platform ladder truck for \$190,000.

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

The Fire Department received a grant for a Cascade System to refill air packs. The Fire Departments portion of the grant was \$3,071; Federal portion \$61,429 for a total of \$64,500. The Fire Departments portion was covered by line items already in the current operating budget. This will not be installed until after the fire station building renovation and addition are completed in the summer of 2023 (see below under capital projects).

**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 and/or payments for the renovation of the current station.

**USDA Capital Projects: Main Street Water line replacement and Regional Sewer Pump Station – USDA Capital Projects: Regional Sewer Pump Station and Sewer Line/Manhole Rehab** – During fiscal year 2021/2022, the Town continued to work with LKC Engineering on refining the scope of the Empire Regional Sewer Pump Station. The project is estimated to be in the \$4.3 million dollar range. To be able to do this project the Town purchased property on Empire Drive (\$15,684) on July 29, 2019, for the 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, 2022, LKC Engineering was preparing final documents for the project to go to bid in late Fall 2022.

**ARPA Grants from State-**The Town was fortunate to receive ARPA Grants from the State of North Carolina in the amount of \$12,811,000. These funds will be used for water line replacement on N. Main Street., Cook Street., N Skyland Drive., Franklin Street (Hwy 73), and a section of Hwy 49 between Main Street. and Hwy 73. This will improve water connectivity, quality, and pressure as well as fire flow in our business district. These improvements will begin Spring of 2023 and must be completed by December 31, 2024, per grant requirements.

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

**SCIF (State Capital and Infrastructure Funds) Grant** – The Town received \$300,000 out of the North Carolina State Budget for a Capital Project. The Town Board decided to use these funds for enhancements to the Municipal Complex and Park Improvements Capital Project. The Scope of Work had to be approved by the OSBM Division of the State of North Carolina and it includes Town Hall restroom remodeling, two (2) Town Hall HVAC units, LED ballfield lights, ballfield dugout upgrades, new sewer line for park restroom facility, and paving of the Town Hall complex parking area. The project started in June 2022 and funds will be expended by Summer of 2023.

**Municipal Complex and Park Improvements Capital Project-** In FY2020/2021, the Town Board approved the 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. Engineering was contracted with McGill Associates in 2021 using General Fund Balance. Local Government Commission approved this project August 3, 2022. We secured a \$1.2 million loan from a local bank for the financing, which closed in September 2022. The FY2021/2022 budget did not include Capital Reserve Funds for this project. The project will begin in Fall of 2022. The FY 2022/2023 budget does include \$79,600 for capital reserve to be used for annual payments for improvements. This project fulfills needs identified in our 2017 comprehensive plan as it relates to recreational activities/ improvements.

**Fire Department Renovations and Additions Capital Project-**In FY 2020/2021, the Town Board approved the construction and renovation of our existing Fire Station which includes the addition of office space, renovation of living quarters, new sleeping quarters, restrooms, kitchen upgrades. Architecture was contracted with Milligan Architecture Inc. using funds from the Fire Department Capital Reserve account. Local Government Commission approved this project August 3, 2022. The FY2021/2022 budget included \$110,000 for Capital Reserve Funds for this project. We secured a \$2.5 million loan from a local bank for the financing, which closed in September 2022. The project will begin in Fall of 2022. The FY 2022/2023 budget does include \$130,000 for capital reserve to be used for annual payments for improvements to the Fire Station since the interest rate was higher than originally anticipated.

**CMAQ (Congestion Mitigation and Air Quality) Grant-** The Town received an 80/20 grant for the pedestrian improvements on N. Washington Street. including widening of the road at N. Washington Street and Franklin Street. As part of the widening portion of the project, the Town purchased the home (\$210,637 from General Fund Balance) at the corner on N. Washington and Franklin Street to allow lane expansion. The project is in the planning stages and will not begin until a later date.

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

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

- A small nine-lot subdivision off North College Street, called "Neuenburg," has been built, and all nine homes have been purchased.
- We have been working with a developer on 178 homes, which will increase our tax base by 63%. Build out will take five years.
- A 37-home subdivision at Green Acres Circle will be built within the next 5 years.

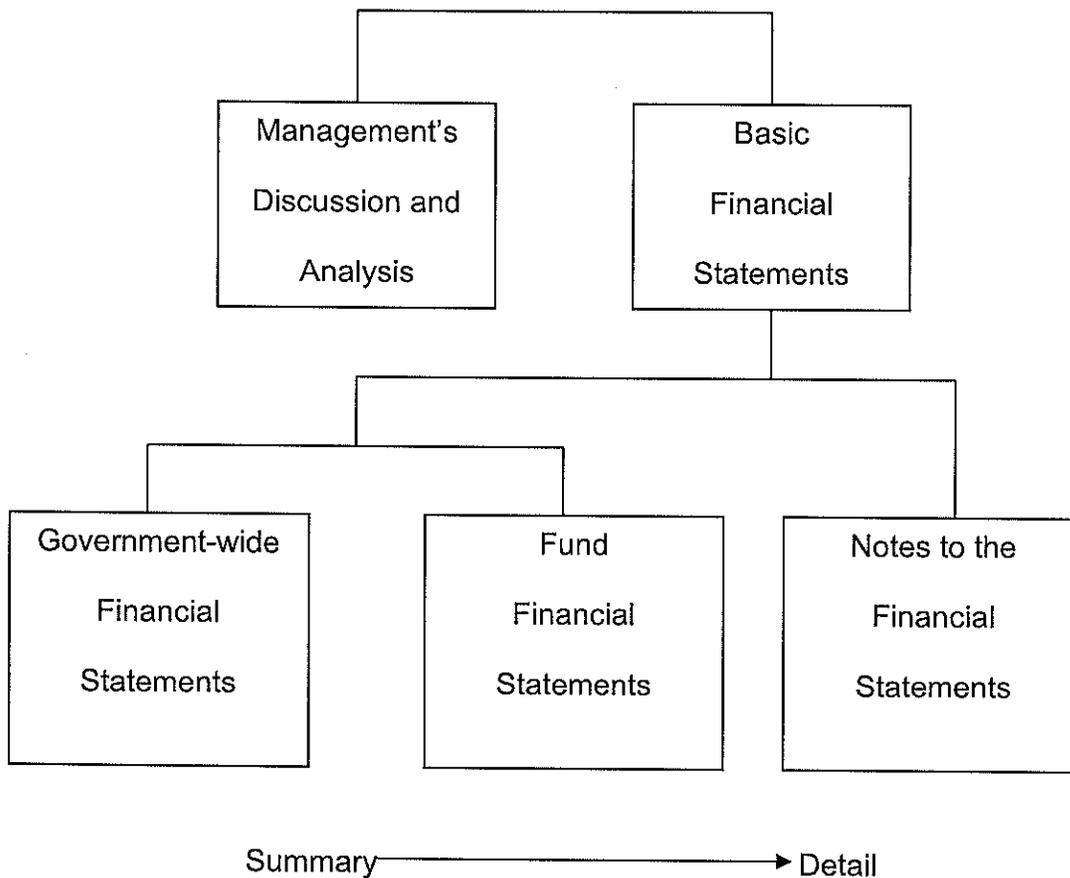
Management Discussion and Analysis  
**Town of Mount Pleasant**

**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 can also 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 3,261,620	\$ 2,874,390	\$ 1,554,718	\$ 1,142,221	\$ 4,816,338	\$ 4,016,611
Capital assets	3,668,348	3,362,258	3,316,149	3,271,484	6,984,497	6,633,742
Deferred outflow s of resources	124,075	124,950	96,501	100,949	220,576	225,899
Non-current assets	-	-	-	-	-	-
Total assets and deferred outflow s of resources	7,054,043	6,361,598	4,967,368	4,514,654	12,021,411	10,876,252
Long-term liabilities outstanding	609,960	748,144	217,340	447,870	827,300	1,196,014
Non-current liabilities	87,278	85,479	155,390	155,390	242,668	240,869
Other liabilities	48,523	61,750	137,462	120,037	185,985	181,787
Deferred inflow s of resources	66,547	-	82,816	-	149,363	-
Total liabilities and deferred inflow s of resources	812,308	895,373	593,008	723,297	1,405,316	1,618,670
Net position:						
Net investment in capital assets	3,094,846	2,703,841	3,028,703	2,828,648	6,123,549	5,532,489
Restricted	672,483	329,460	-	-	672,483	329,460
Unrestricted	2,474,406	2,432,924	1,345,657	962,709	3,820,063	3,395,633
Total net position	\$ 6,241,735	\$ 5,466,225	\$ 4,374,360	\$ 3,791,357	\$ 10,616,095	\$ 9,257,582

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 \$10,616,095 as of June 30, 2022. The Town of Mount Pleasant net position *increased* by \$1,358,512 for the fiscal year ended June 30, 2022. However, the largest portion (58%) 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, \$672,483 (6%), 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 \$3,920,063 (36%) is unrestricted.

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

	Governmental Activities 2022	Governmental Activities 2021	Business Type Activities 2022	Business Type Activities 2021	Total 2022	Total 2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 57,446	\$ 34,296	\$ 1,366,033	\$ 1,276,696	\$ 1,423,479	\$ 1,310,992
Operating grants and contributions	1,439,144	818,462	-	-	1,439,144	818,462
Capital grants and contributions	43,923	-	-	-	43,923	-
General revenues:						
Property taxes	957,381	945,597	-	-	957,381	945,597
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	486,197	418,527	-	-	486,197	418,527
Other	80,929	38,857	1,990	2,401	82,919	41,258
<b>Total revenues</b>	<b>3,065,020</b>	<b>2,255,739</b>	<b>1,368,023</b>	<b>1,279,097</b>	<b>4,433,043</b>	<b>3,534,836</b>
<b>Expenses:</b>						
General government	631,757	453,585	-	-	631,757	453,585
Public safety	879,877	871,215	-	-	879,877	871,215
Public works	449,417	378,461	-	-	449,417	378,461
Culture and recreational	64,769	50,963	-	-	64,769	50,963
Interest on long-term debt	18,644	23,939	-	-	18,644	23,939
Water and sewer	-	-	1,136,093	1,169,711	1,136,093	1,169,711
<b>Total expenses</b>	<b>2,044,464</b>	<b>1,778,163</b>	<b>1,136,093</b>	<b>1,169,711</b>	<b>3,180,557</b>	<b>2,947,874</b>
Change in net position before special item	1,020,556	477,576	231,930	109,386	1,252,486	586,962
Transfers	(351,073)	-	351,073	-	-	-
Gsin on insurance recovery	106,026	-	-	-	106,026	-
<b>Change in net position</b>	<b>775,509</b>	<b>477,576</b>	<b>583,003</b>	<b>109,386</b>	<b>1,358,512</b>	<b>586,962</b>
Net position, beginning	5,466,226	4,988,649	3,791,357	3,681,871	9,257,583	8,670,520
<b>Net position, June 30</b>	<b>\$ 6,241,735</b>	<b>\$ 5,466,225</b>	<b>\$ 4,374,360</b>	<b>\$ 3,791,257</b>	<b>\$ 10,616,095</b>	<b>\$ 9,257,482</b>

**Governmental activities:** Governmental activities *increased* the Town of Mount Pleasant's net position by \$775,509. 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 \$583,003. 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 \$2,023,253, while total fund balance reached \$2,580,929. 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 93% of the next fiscal year budgeted General Fund expenditures, while total fund balance represents 116% of next fiscal year budgeted General Fund expenditures.

At June 30, 2022, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$3,186,616, a net increase in fund balance of \$392,349. Included in this change in fund balance are increases in fund balance in the General Fund of \$116,179 and Non-Major Funds of \$276,170.

**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 \$1,345,657. The total increase in net assets for the fund was \$583,003.

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, 2022, totals \$6,984,497 (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:

- Purchase and sale of fire trucks and numerous capital projects all explained under financial highlights earlier in this analysis.

**Town of Mount Pleasant's Capital Assets**  
**Figure 4**

(net of depreciation)

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021
Land	\$ 523,849	\$ 338,302	\$ 15,685	\$ 15,685	\$ 539,534	\$ 353,987
Construction in progress	307,087	129,740	180,474	56,459	487,561	186,199
Land improvements	407,020	362,171	-	-	407,020	362,171
Buildings and systems	961,922	954,564	3,001,642	3,108,268	3,963,564	4,062,832
Machinery and equipment	217,342	207,820	118,348	88,701	335,690	296,521
Infrastructure	141,643	150,347	-	-	141,643	150,347
Vehicles and motorized equipment	1,109,485	1,219,314	-	2,371	1,109,485	1,221,685
<b>Total</b>	<b>\$ 3,668,348</b>	<b>\$ 3,362,258</b>	<b>\$ 3,316,149</b>	<b>\$ 3,271,484</b>	<b>\$ 6,984,497</b>	<b>\$ 6,633,742</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, 2022, the Town of Mount Pleasant had total debt outstanding of \$860,947. 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	
	2022	2021	2022	2021	2022	2021
Installment Purchases	\$ 573,501	\$ 658,417	\$ 287,446	\$ 442,837	\$ 860,947	\$ 1,101,254
Compensated Absences	17,633	16,615	29,163	24,561	46,796	41,176
Net Pension Liability	45,096	111,776	56,121	135,862	101,217	247,638
Net OPEB Liability	61,008	46,815	-	-	61,008	46,815
<b>Total</b>	<b>\$ 697,238</b>	<b>\$ 833,623</b>	<b>\$ 372,730</b>	<b>\$ 603,260</b>	<b>\$ 1,069,968</b>	<b>\$ 1,436,883</b>

The Town of Mount Pleasant's total debt *decreased* by \$240,307 (22%) 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, 2022, the remaining legal debt margin for Town of Mount Pleasant is \$14,114,661.

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, 2023**

**Governmental Activities:**

1. The tax rate will remain unchanged at **\$0.505** per \$100 value. We are using an estimated collection rate of 97% across the board on property taxes.
2. Staff anticipates a **10%** increase in revenues for water and sewer for an estimated \$127,215 increase above Fiscal Year 2021-2022. By implementing an additional increase of \$1.25 to the water base rate and the continued tiered system for water usage over 2,000 gallons will result in \$18,000 of projected revenue for the USDA Water and Sewer Project funding. A \$1.25 will also be added to flat-rate sewer customers.
3. We recommend a one-time use of General Fund Balance of **\$20,000** for 5-year Comprehensive Plan Update.
4. The Town Board approved a **5% COLA** increase for all full-time employees along with increase in part-time firefighter salaries from \$13.00 per hour base to **\$14** per hour, with pay differential for officers. **All employee salary increases would be effective October 3, 2022, for the October 17, 2022 payroll date.**

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

5. A recommendation to continue contracting out the solid waste services and recycling services with Waste Pro and **\$12,000** to continue purchasing garbage and recycling cans.
6. We recommend the purchase of a one-ton work truck with a crane to be used by the Public Works Department. Cost of the unit is **\$139,908**. We recommend financing this unit for ten years with an equal payment being budgeted in the general fund and the water and sewer fund. We budgeted \$6,500 in each fund to make the first year's interest and principal payments.
7. The budget includes **\$20,000 to the Infrastructure & Sidewalk Capital Reserve fund** to continue funding needed to make street and sidewalk improvements above Powell Bill allocations.
8. We recommend budgeting **\$6,000** for the continuation of the Hwy 49/Hwy 73 Intersection maintenance project.
9. The budget also includes **\$79,600 for capital reserve** annual payments to make improvements to the Town Hall complex.
10. The budget also includes **\$130,000 for capital reserve** annual payments for the Fire Department renovation.
11. The Town Board approved opening a FD- Radio Capital Reserve account to save for the replacement of all handheld portable radios since the current ones will be obsolete by end of 2024 as mandated by Cabarrus County EMS. The budget included **\$10,758** to place in the account for FY21/22.

Terry R. Holloway  
Town Manager

### **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 28124 phone 704-436-9803 (office) email townhall@mtpleasantnc.us website www.mtpleasantnc.org .**

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF NET POSITION  
June 30, 2022

Exhibit 1

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,492,540	\$ 1,371,965	\$ 3,864,505	\$ 89,078
Taxes receivables (net)	6,585	-	6,585	-
Accrued interest receivable on taxes	1,233	-	1,233	-
Accounts receivable (net)	4,963	140,860	145,823	-
Internal balances	177,722	(177,722)	-	-
Due from other governments	178,283	13,849	192,132	-
Due from component unit	24,023	-	24,023	-
Inventories	-	-	-	191,265
Prepaid items	-	-	-	9,499
Restricted cash	376,271	205,766	582,037	-
<b>Total current assets</b>	<b>3,261,620</b>	<b>1,554,718</b>	<b>4,816,338</b>	<b>289,842</b>
<b>Non-current assets</b>				
<b>Capital assets</b>				
Land, non-depreciable improvements and construction in progress	830,936	196,159	1,027,095	-
Other capital assets net of depreciation	2,837,412	3,119,990	5,957,402	6,933
<b>Total capital assets</b>	<b>3,668,348</b>	<b>3,316,149</b>	<b>6,984,497</b>	<b>6,933</b>
<b>Total assets</b>	<b>6,929,968</b>	<b>4,870,867</b>	<b>11,800,835</b>	<b>296,775</b>
<b>Deferred outflows of resources</b>				
OPEB deferrals	46,533	-	46,533	-
Pension deferrals	77,542	96,501	174,043	43,271
<b>Total deferred outflows of resources</b>	<b>124,075</b>	<b>96,501</b>	<b>220,576</b>	<b>43,271</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable & accrued liabilities	38,495	16,077	54,572	34,437
Advances from grantors	6,945	-	6,945	-
Accrued interest payable	3,083	1,339	4,422	-
Prepaid taxes	-	-	-	-
Customer deposits	-	95,046	95,046	-
Due to primary government	-	-	-	24,023
Due to other governments	-	-	-	41,950
Deferred revenue	-	25,000	25,000	-
Current portion of long-term liabilities	87,278	155,390	242,668	-
<b>Total current liabilities</b>	<b>135,801</b>	<b>292,852</b>	<b>428,653</b>	<b>100,410</b>
<b>Long-term liabilities:</b>				
Due in more than one year	609,960	217,340	827,300	16,103
<b>Total liabilities</b>	<b>745,761</b>	<b>510,192</b>	<b>1,255,953</b>	<b>116,513</b>
<b>Deferred inflows of resources</b>				
Pension deferrals	66,547	82,816	149,363	31,538
<b>Total deferred inflows of resources</b>	<b>66,547</b>	<b>82,816</b>	<b>149,363</b>	<b>31,538</b>
<b>Net position</b>				
Net investment in capital assets	3,094,846	3,028,703	6,123,549	6,933
<b>Restricted for:</b>				
Capital projects	-	-	-	25,125
Stabilization by State Statute	434,317	-	434,317	-
Streets	52,735	-	52,735	-
Capital reserve	185,431	-	185,431	-
Other functions	-	-	-	37,189
Unrestricted	2,474,406	1,345,657	3,820,063	122,748
<b>Total net position</b>	<b>\$ 6,241,735</b>	<b>\$ 4,374,360</b>	<b>\$ 10,616,095</b>	<b>\$ 191,995</b>

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022

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			Town of Mount Pleasant ABC Board
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
General government	631,757	\$ -	\$ 654,073	\$ -	\$ 22,316	\$ -	\$ 22,316	\$ -
Public safety	879,877	-	732,743	-	(147,134)	-	(147,134)	-
Public works	449,417	57,446	52,328	-	(339,643)	-	(339,643)	-
Cultural and recreational	64,769	-	-	43,923	(20,846)	-	(20,846)	-
Interest on long-term debt	18,644	-	-	-	(18,644)	-	(18,644)	-
Total governmental activities	<u>2,044,464</u>	<u>57,446</u>	<u>1,439,144</u>	<u>43,923</u>	<u>(503,951)</u>	<u>-</u>	<u>(503,951)</u>	<u>-</u>
<b>Business-type activities</b>								
Water and sewer	1,136,093	1,366,033	-	-	-	229,940	229,940	-
Total business-type activities	<u>1,136,093</u>	<u>1,366,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,940</u>	<u>229,940</u>	<u>-</u>
Total primary government	<u>3,180,557</u>	<u>1,423,479</u>	<u>1,439,144</u>	<u>43,923</u>	<u>(503,951)</u>	<u>229,940</u>	<u>(274,011)</u>	<u>-</u>
<b>Component unit</b>								
ABC Board	1,234,914	1,248,990	-	-	-	-	-	14,076
Total component unit	<u>\$ 1,234,914</u>	<u>\$ 1,248,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,076</u>
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property taxes, levied for general purposes					957,381	-	957,381	-
Grants and contributions not restricted to specific programs					486,197	-	486,197	-
Unrestricted investment earnings					2,953	1,990	4,943	12
Miscellaneous, unrestricted					77,976	-	77,976	-
Gain on insurance recovery					106,026	-	106,026	-
Total general revenues not including transfers					<u>1,630,533</u>	<u>1,990</u>	<u>1,632,523</u>	<u>12</u>
Transfers					(351,073)	351,073	-	-
Total general revenues and transfers					<u>1,279,460</u>	<u>353,063</u>	<u>1,632,523</u>	<u>12</u>
Changes in net position					775,509	583,003	1,358,512	14,088
Net position, beginning					5,466,226	3,791,357	9,257,583	177,907
Net position, ending					<u>\$ 6,241,735</u>	<u>\$ 4,374,360</u>	<u>\$ 10,616,095</u>	<u>\$ 191,995</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

Exhibit 3

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Fund	North Carolina SCIF Fund		
<b>Assets</b>					
Cash and cash equivalents	\$ 2,106,939	\$ -	\$ -	\$ 385,601	\$ 2,492,540
Restricted cash	85,114	-	-	291,157	376,271
Receivables (net)					
Property taxes	6,585	-	-	-	6,585
Accounts	4,963	-	-	-	4,963
Due from other funds	281,650	-	-	(71,650)	210,000
Due from other government	177,704	-	-	579	178,283
<b>Total assets</b>	<u>2,662,955</u>	<u>-</u>	<u>-</u>	<u>605,687</u>	<u>3,268,642</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	6,116	-	-	-	6,116
Custody account liability	32,379	-	-	-	32,379
Advances from grantors	6,946	-	-	-	6,946
Due to other funds	30,000	-	-	-	30,000
<b>Total liabilities</b>	<u>75,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,441</u>
<b>Deferred inflows of resources</b>					
Property taxes receivable	6,585	-	-	-	6,585
<b>Total deferred inflows of resources</b>	<u>6,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,585</u>
<b>Fund balances</b>					
<b>Restricted</b>					
Stabilization by State statute	434,317	-	-	-	434,317
Streets	52,735	-	-	-	52,735
Capital reserve	-	-	-	185,431	185,431
<b>Committed</b>					
Capital project				420,256	420,256
<b>Assigned</b>					
Subsequent year's expenditures	50,215	-	-	-	50,215
Retiree health insurance	20,409	-	-	-	20,409
Unassigned	2,023,253	-	-	-	2,023,253
<b>Total fund balances</b>	<u>2,580,929</u>	<u>-</u>	<u>-</u>	<u>605,687</u>	<u>3,186,616</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 2,662,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,687</u>	<u>\$ 3,268,642</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

Exhibit 3

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

Total fund balances governmental funds		\$ 3,186,616
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		
Gross capital assets at historical cost	\$ 6,729,653	
Accumulated depreciation	<u>(3,061,305)</u>	3,668,348
Effect of pension accruals on internal balances		(2,278)
Deferred outflows of resources related to OPEB are not reported in the funds		46,533
Deferred outflows of resources related to pensions are not reported in the funds		77,542
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.		25,256
Liabilities for earned revenues considered deferred inflows of resources in fund statements		6,585
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning	(658,417)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	84,917	
Net pension liability	(45,096)	
OPEB liability	<u>(61,008)</u>	(679,604)
Deferred inflows of resources related to pensions		(66,547)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compenstated absences	(17,633)	
Accrued interest	<u>\$ (3,083)</u>	<u>(20,716)</u>
Net position of governmental activities		<u>\$ 6,241,735</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2022

Exhibit 4

	Major Funds			Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Fund	North Carolina SCIF Fund		
<b>Revenues:</b>					
Ad valorem taxes	\$ 973,314	\$ -	\$ -	\$ -	\$ 973,314
Unrestricted intergovernmental	462,174	-	-	-	462,174
Sales, permits, and fees	57,447	-	-	-	57,447
Restricted intergovernmental	52,328	354,073	300,000	-	706,401
Restricted intergovernmental-public safety	732,744	-	-	-	732,744
Investment earnings	2,707	-	-	246	2,953
Other revenues	52,339	-	-	-	52,339
<b>Total revenues</b>	<b>2,333,053</b>	<b>354,073</b>	<b>300,000</b>	<b>246</b>	<b>2,987,372</b>
<b>Expenditures:</b>					
<b>Current</b>					
General government	791,905	-	-	79,924	871,829
Public safety	975,923	-	-	97,423	1,073,346
Public works	420,239	-	-	-	420,239
Cultural and recreational	137,140	-	-	-	137,140
<b>Debt service</b>					
Principal	84,916	-	-	-	84,916
Interest	19,031	-	-	-	19,031
<b>Total expenditures</b>	<b>2,429,154</b>	<b>-</b>	<b>-</b>	<b>177,347</b>	<b>2,606,501</b>
<b>Revenues over (under) expenditures</b>	<b>(96,101)</b>	<b>354,073</b>	<b>300,000</b>	<b>(177,101)</b>	<b>380,871</b>
<b>Other financing sources (uses):</b>					
Transfers to capital projects	(346,421)	-	(300,000)	646,421	-
Transfers to proprietary fund	-	(354,073)	-	-	(354,073)
Transfers from proprietary fund	3,000	-	-	-	3,000
Transfers from capital reserve fund	193,150	-	-	(193,150)	-
Proceeds from sale of assets	256,525	-	-	-	256,525
Insurance recovery	106,026	-	-	-	106,026
Installment loan obligation issued	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>212,280</b>	<b>(354,073)</b>	<b>(300,000)</b>	<b>453,271</b>	<b>11,478</b>
<b>Net change in fund balance</b>	<b>116,179</b>	<b>-</b>	<b>-</b>	<b>276,170</b>	<b>392,349</b>
<b>Fund balances, beginning</b>	<b>2,464,750</b>	<b>-</b>	<b>-</b>	<b>329,517</b>	<b>2,794,267</b>
<b>Fund balances, ending</b>	<b>\$ 2,580,929</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 605,687</b>	<b>\$ 3,186,616</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2022

Exhibit 4

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

Net changes in fund balances-total governmental funds	\$	392,349
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 701,697	
Depreciation expense	<u>(208,642)</u>	493,055
Cost of capital assets disposed of during the year not recognized on modified accrual basis		(186,965)
Contributions to the pension plan in the current fiscal year not included on the Statement of Activities		(5,510)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in component revenue measurable but not available	24,023	
Change in unavailable revenues for tax revenues	<u>(15,933)</u>	8,090
<p>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 effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	-	
Principal payments on long term debt	84,916	
Decrease in accrued interest payable	<u>387</u>	85,303
<p>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.</p>		
Compensated absences	(1,018)	
Pension expense	(238)	
OPEB plan expense	<u>(9,557)</u>	<u>(10,813)</u>
Total change in net position of governmental activities	\$	<u>775,509</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
For the Year Ended June 30, 2022

Exhibit 5

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 908,384	\$ 908,384	\$ 973,314	\$ 64,930
Unrestricted intergovernmental	363,600	363,600	462,174	98,574
Sales, permits and fees	41,800	41,800	57,447	15,647
Restricted intergovernmental	51,200	129,295	52,328	(76,967)
Restricted intergovernmental -public safety	666,341	666,341	732,744	66,403
Investment earnings	2,000	2,000	2,707	707
Other revenues	26,500	70,423	52,339	(18,084)
<b>Total revenues</b>	<b>2,059,825</b>	<b>2,181,843</b>	<b>2,333,053</b>	<b>151,210</b>
<b>Expenditures:</b>				
Current				
General government	908,771	1,034,456	791,905	242,551
Public safety	928,093	1,144,338	975,923	168,415
Public works	495,352	735,770	420,239	315,531
Cultural and recreational	64,400	147,641	137,140	10,501
Debt service				
Principal	87,466	85,466	84,916	550
Interest	21,485	18,485	19,031	(546)
<b>Total expenditures</b>	<b>2,505,567</b>	<b>3,166,156</b>	<b>2,429,154</b>	<b>737,002</b>
<b>Revenues over (under) expenditures</b>	<b>(445,742)</b>	<b>(984,313)</b>	<b>(96,101)</b>	<b>888,212</b>
<b>Other financing sources (uses):</b>				
Transfer to other funds	(60,758)	(171,920)	(346,421)	(174,501)
Transfer from proprietary fund	-	-	3,000	3,000
Transfer from capital reserve general fund	-	226,450	193,150	(33,300)
Proceeds from sale of assets	-	-	256,525	256,525
Insurance recovery	-	103,185	106,026	2,841
<b>Total other financing sources (uses)</b>	<b>(60,758)</b>	<b>157,715</b>	<b>212,280</b>	<b>54,565</b>
<b>Fund balance appropriated</b>	<b>506,500</b>	<b>826,598</b>	<b>-</b>	<b>(826,598)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>116,179</b>	<b>\$ 116,179</b>
<b>Fund balances, beginning</b>			<b>2,464,750</b>	
<b>Fund balances, ending</b>			<b>\$ 2,580,929</b>	

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
June 30, 2022

Exhibit 6

Assets	<u>Water and Sewer Fund</u>	<u>Total Proprietary Funds</u>
Current assets:		
Cash and cash equivalents	1,371,965	\$ 1,371,965
Accounts receivable (net)-billed	105,564	105,564
Accounts receivable (net)-unbilled	35,296	35,296
Due from other governments	13,849	13,849
Restricted cash	<u>205,766</u>	<u>205,766</u>
Total current assets	<u>1,732,440</u>	<u>1,732,440</u>
Noncurrent assets		
Capital assets:		
Land and construction in progress	196,159	196,159
Fixed assets (net)	<u>3,119,990</u>	<u>3,119,990</u>
Total noncurrent assets	<u>3,316,149</u>	<u>3,316,149</u>
Total assets	<u>5,048,589</u>	<u>5,048,589</u>
Deferred outflows of resources		
Pension deferrals	<u>96,501</u>	<u>96,501</u>
Total deferred outflows of resources	<u>96,501</u>	<u>96,501</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	17,416	17,416
Customer deposits	95,046	95,046
Due to other funds	177,722	177,722
Deferred revenue	25,000	25,000
Notes payable-current	<u>155,390</u>	<u>155,390</u>
Total current liabilities	<u>470,574</u>	<u>470,574</u>
Noncurrent liabilities:		
Net pension liability	56,121	56,121
Compensated absences	29,163	29,163
Notes payable-noncurrent	<u>132,056</u>	<u>132,056</u>
Total noncurrent liabilities	<u>217,340</u>	<u>217,340</u>
Total liabilities	<u>687,914</u>	<u>687,914</u>
Deferred inflows of resources		
Pension deferrals	<u>82,816</u>	<u>82,816</u>
Total deferred outflows of resources	<u>82,816</u>	<u>82,816</u>
Net position		
Net investment in capital assets	3,028,703	3,028,703
Unrestricted	<u>1,345,657</u>	<u>1,345,657</u>
Total net position	<u>\$ 4,374,360</u>	<u>\$ 4,374,360</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, 2022

Exhibit 7

	Water and Sewer Fund	Total Proprietary Funds
Operating revenues:		
Charges for services	\$ 1,235,749	\$ 1,235,749
Water and sewer taps	76,650	76,650
Other operating revenues	53,634	53,634
Total operating revenues	1,366,033	1,366,033
Operating expenses:		
Billing and administration	214,548	214,548
Public works facility	18,159	18,159
Water distribution	155,185	155,185
Water treatment plant	282,657	282,657
Sewer collection	302,887	302,887
Abandoned captial project expense	26,940	26,940
Depreciation	124,602	124,602
Total operating expenses	1,124,978	1,124,978
Operating income (loss)	241,055	241,055
Nonoperating revenues (expenses):		
Investment earnings	1,990	1,990
Interest paid on long-term debt	(11,115)	(11,115)
Net nonoperating revenues (expenses)	(9,125)	(9,125)
Income (loss) before contribitons and transfers	231,930	231,930
Transfer from American Rescure Plan Fund	354,073	354,073
Transfer to General Fund	(3,000)	(3,000)
Change in net position	583,003	583,003
Total net position, beginning	3,791,357	3,791,357
Total net position, ending	\$ 4,374,360	\$ 4,374,360

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2022

Exhibit 8

	Water and Sewer Fund	Total Proprietary Funds
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,358,287	\$ 1,358,287
Cash paid for goods and services	(650,731)	(650,731)
Cash paid to employees for services	(306,606)	(306,606)
Customer deposits received and returned	7,570	7,570
Net cash provided by (used in) operating activities	408,520	408,520
Cash flows from noncapital financing activities:		
Increase (decrease) in amounts due from General Fund	158,543	158,543
Net cash provided by (used in) capital and related financing activities	158,543	158,543
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(196,207)	(196,207)
Principal paid on debt	(155,390)	(155,390)
Interest paid on debt	(11,877)	(11,877)
Increase (decrease) in deferred revenues	354,073	354,073
Transfer to other funds	(3,000)	(3,000)
Net cash provided by (used in) capital and related financing activities	(12,401)	(12,401)
Cash flows from investing activities:		
Interest on investments	1,990	1,990
Net increase (decrease) in cash and cash equivalents	556,652	556,652
Cash and cash equivalents at beginning of year	1,021,079	1,021,079
Cash and cash equivalents at end of year	1,577,731	1,577,731
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	241,055	241,055
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	124,602	124,602
Abandoned capital project expense	26,940	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(7,746)	(7,746)
(Increase) decrease in deferred outflows of resources for pensions	4,449	4,449
(Increase) decrease in due from other governments	(6,641)	(6,641)
Increase (decrease) in accounts payable and accrued liabilities	10,615	10,615
Increase (decrease) in customer deposits	7,570	7,570
Increase (decrease) in compensated absences	4,601	4,601
Increase (decrease) in net pension liability	(79,741)	(79,741)
Increase (decrease) in deferred inflows of resources for pensions	82,816	82,816
Total adjustments	167,465	167,465
Net cash provided by (used in) operating activities	\$ 408,520	\$ 408,520

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Town of Mount Pleasant ABC Board

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

B. Basis of Presentation

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

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

**Fund Financial Statements-** The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The 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, 2022

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.

American Rescue Plan Fund- This fund accounts for the transactions related to the American Rescue Plan Funds.

North Carolina SCIF Fund- This fund accounts for the transactions related to the North Carolina State Capital Infrastructure Fund.

The Town reports the following non-major governmental funds:

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.

Municipal Complex & Park Improvements-Capital Project Fund-this fund is used to account for renovations to the municipal complex building and renovation and improvements to the Park grounds and buildings.

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.

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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

C. Measurement Focus and Basis of Accounting-continued

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

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

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. 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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2022

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

1. Deposits and Investments

All deposits of the Town and of the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Restricted Cash		
Governmental Activities		
General Fund	Streets	\$52,735
	Capital improvements	291,157
	Public safety	32,379
		\$376,271
Business –type Activities		
Water and Sewer Fund	Customer deposits	\$95,046
	Salaries and benefits	85,720
	Deferred revenue	25,000
		\$205,766
Total Restricted Cash		\$582,037

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, 2021. 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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2022

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

5. Allowance for Doubtful Accounts

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

6. Inventory

The inventories of the Town of Mount Pleasant ABC Board are valued at lower of cost (first-in, first-out) or market. The inventories of the ABC Board consist of materials for resale and supplies for use in operations. The cost of these inventories is expensed when consumed rather than when purchased.

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	5-10 Years
Leasehold Improvements	5-10 Years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, OPEB and pension deferrals for the 2022 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, 2022

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.

The Town's sick leave policy provide for the unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

11. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town was allocated **\$708,146** of fiscal recovery funds to be paid in two equal installments. The first installment of **\$354,073** was received in July 2021. The second installment will be received in mid-2022. Town staff and the Board of Commissioners have opted to use **\$354,073** of the ARPA funds for the Standard Allowance provision of the act for the water/sewer fund. The Town plans on using the rest of the funds likewise in Fiscal Year 2023. The **\$354,072** was transferred to the Water/Sewer Fund from the ARPA Fund

12. 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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

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

12. Net Position/Fund Balances-continued

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

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

12. Net Position/Fund Balances-continued

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

The Town of Mount Pleasant has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 42% (5 months) of budgeted expenditures. Any portion of the general fund balance in excess of 42% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

13. 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, 2022

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, 2022, the Town's deposits had a carrying amount of \$4,445,068 and a bank balance of \$4,550,742 of which \$281,393 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 \$89,079 and a bank balance of \$80,003 all of which was covered by federal depository insurance. At June 30, 2022 the Town's petty cash fund totaled \$160.

2. Investments

At June 30, 2022 the Town of Mount Pleasant had \$1,314 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, 2022.

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, 2022 are net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$1,054
Water and Sewer Fund	
Accounts receivable	<u>40,932</u>
Total	<u>\$41,986</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

A. Assets-continued

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 338,302	\$ 185,547	\$ -	\$ 523,849
Construction in progress	129,740	177,347	-	307,087
<b>Total capital assets not being depreciated</b>	<b>468,042</b>	<b>362,894</b>	<b>-</b>	<b>830,936</b>
Capital assets being depreciated:				
Buildings	1,708,263	50,891	-	1,759,154
Equipment	664,710	39,486	-	704,196
Land improvements	402,412	58,426	-	460,838
Vehicles and motorized equipment	3,057,908	190,000	534,536	2,713,372
Infrastructure	261,157	-	-	261,157
<b>Total capital assets being depreciated</b>	<b>6,094,450</b>	<b>338,803</b>	<b>534,536</b>	<b>5,898,717</b>
Less accumulated depreciation for:				
Buildings	753,699	43,532	-	797,231
Equipment	456,890	29,964	-	486,854
Land improvements	40,241	13,576	-	53,817
Vehicles and motorized equipment	1,838,594	112,865	347,571	1,603,888
Infrastructure	110,810	8,705	-	119,515
<b>Total accumulated depreciation</b>	<b>3,200,234</b>	<b>\$208,642</b>	<b>\$ 347,571</b>	<b>3,061,305</b>
<b>Total capital assets being depreciated, net</b>	<b>2,894,216</b>			<b>2,837,412</b>
<b>Governmental activity capital assets, net</b>	<b>\$3,362,258</b>			<b>\$3,668,348</b>

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

General government	\$ 36,732
Cultural and recreational	11,946
Environmental protection	12,888
Public safety	127,348
Public works	19,727
<b>Total depreciation expense</b>	<b>\$208,641</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

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	150,956	26,940	180,475
Total capital assets not being depreciated	72,143	150,956	26,940	196,159
Capital assets being depreciated:				
Buildings	613,604	-	-	613,604
Equipment	193,325	45,251	-	238,576
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	45,251	-	5,528,107
Less accumulated depreciation for:				
Buildings	140,187	14,545	-	154,732
Equipment	104,624	15,604	-	120,228
Motor vehicles	36,081	2,371	-	38,452
Water system	1,114,767	44,574	-	1,159,341
Sewer system	887,856	47,508	-	935,364
Total accumulated depreciation	2,283,515	\$ 124,602	\$ -	2,408,117
Total capital assets being depreciated, net	3,199,341			3,119,990
Business-type activities capital assets, net	<u>\$3,271,484</u>			<u>\$3,316,149</u>

Construction commitments

The Town has active construction projects as of June 30, 2022. No commitments were in place as of June 30, 2022

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

A. Assets-continued

4. Capital Assets-continued

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Start up expenses-new building	\$ -	\$ 1,605	\$ -	\$ 1,605
Total capital assets not being depreciated	51,435	1,605	477	5,605
Capital assets being depreciated:				
Furniture and equipment	34,565	-	-	34,565
Leasehold improvements	16,870	-	-	16,870
Total capital assets being depreciated	51,435	-	-	51,435
Less accumulated depreciation for:				
Furniture and equipment	27,604	1,633	-	29,237
Leasehold improvements	16,870	-	-	16,882
Total accumulated depreciation	44,474	\$ 1,633	\$ -	46,107
Total capital assets being depreciated, net	6,961			5,328
Capital assets	\$ 6,961			\$ 6,933

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description-* The Town of Mount Pleasant is a participating employer 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).

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

a. Local Governmental Employees' Retirement System-continued

*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 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, 2022, was 11.35% of compensation for employees not in law enforcement, 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 \$49,351 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Town reported a liability of \$101,217 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's 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, 2021, the Town's proportion was 0.00660%, which was a decrease of 0.00033% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$62,684. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

a. Local Governmental Employees' Retirement System-continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,201	\$ -
Changes of assumptions	63,590	-
Net difference between projected and actual earnings on pension plan investments	-	144,609
Changes in proportion and differences between Town contributions and proportionate share of contributions	28,470	4,754
Town contributions subsequent to the measurement date	49,782	-
Total	\$ 174,043	\$ 149,363

The Town reported \$49,351 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 24,767
2024	6,935
2025	(12,553)
2026	(44,251)
2027	-
Thereafter	-
Total	\$ (25,102)

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2020 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, 2022

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, 2021 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	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 6.50%. 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, 2022

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 6.0 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 392,917	\$ 101,217	\$ (138,836)

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 Town 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, 2022 were \$35,534, which consisted of \$23,043 from the Town and \$12,491 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, 2022

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	\$ 23,043	\$ 62,684	\$ 85,727
Pension liability	n/a	101,217	101,217
Proportionate share of the net pension liability	n/a	0.00660%	
Deferred outflows of resources			
Difference between expected and actual experience	-	32,201	32,201
Changes of assumptions	-	63,590	63,590
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportional share of contributions	-	28,470	28,470
Benefit payments and administrative costs paid subsequent to the measurement date	-	49,782	49,782
Deferred inflows of resources			
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	144,609	144,609
Changes in proportion and differences between contributions and proportionate share of contributions	-	4,754	4,754

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 are currently no 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, 2022

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 \$61,008 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs.

The total OPEB liability in the June 30, 2021 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 3.25% - 8.41%, average, including inflation

Discount rate 2.16%

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, 2020	46,815
Service Cost at the end of the year	5,673
Interest on TOL and Cash Flows	1,160
Change in benefit terms	-
Difference between expected and actual experience	-
Change of assumptions or other inputs	7,360
Benefit payments	-
Total OPEB Liability as of June 30, 2021	\$ 61,008

*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 (1.16 percent) or one percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 71,283	\$ 61,008	\$ 51,963

*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	\$ 47,715	\$ 61,008	\$ 77,926

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2022

B. Liabilities-continued

1. Pension Plan and Postemployment Obligations-continued

d. Other Postemployment Benefit-continued

For the year ended June 30, 2022, the Town recognized OPEB expense of \$9,557. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 32,408	\$ -
Town benefit payments subsequent to measurement date	-	-
Changes in assumptions or other inputs	14,125	-
Total	\$ 46,533	\$ -

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 49,782
Difference between expected and actual experience	
Pension plan	32,201
OPEB	32,408
Changes of assumptions pension plan	63,590
Changes of assumptions OPEB	14,125
Net difference between projected and actual	-
Changes in proportion and differences between employer contributions and proportionate share of contributions pension plan	28,470
Total	\$ 220,576

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

	<b>Statement of Net Position</b>	<b>General Fund Balance Sheet</b>
Taxes receivable (General Fund)	\$ -	\$ 6,585
Net difference between projected and actual earning	144,609	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,754	-
Total	\$ 149,363	\$ 6,585

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2022

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, 2022. The Town does not carry an individual bond on a tax collector because it outsources its tax collection to Cabarrus County.

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

4. Long-Term Obligations

a. General Obligation Indebtedness

The Town has no general obligation indebtedness at June 30, 2022.

At June 30, 2022, the Town of Mount Pleasant had a remaining legal debt margin of \$14,114,661.

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, 2022, including interest of \$5,833, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2023	\$ 73,094	\$3,889
2024	73,095	1,944
	\$146,189	\$5,833

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2022

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, 2022, including interest of \$4,705, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2023	\$58,962	\$3,137
2024	58,963	1,568
	\$117,925	\$4,705

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, 2022, including interest of \$2,009 are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2023	\$23,333	\$1,005
2024	23,334	334
	\$ 46,667	\$1,339

Year Ending June 30	Business-type activities	
	Principal	Interest
2023	\$23,334	\$670
	\$23,334	\$670

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

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, 2022, including interest of \$2,304, are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2023	\$29,287	\$1,534
2024	30,100	720
2025	7,317	50
	\$66,704	\$2,304

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, 2022, including interest of \$84,549, are as follows:

Year Ending June 30	Governmental activities	
	Principal	Interest
2023	\$34,657	\$ 13,461
2024	35,712	12,406
2025	36,800	11,319
2026	37,920	10,199
2027	39,075	9,044
2028-2032	213,957	26,639
2033-2036	62,010	1,481
	\$460,131	\$84,549

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2022

B. Liabilities-continued

g. Changes in Long-Term Liabilities

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchases	\$ 658,417	\$ -	\$ 84,916	\$ 573,501	\$ 87,278
Net pension liability (LGERS)	111,776	-	66,680	45,096	-
Net OPEB liability	46,815	14,193	-	61,008	-
Compensated absences	16,615	1,018	-	17,633	-
<b>Governmental activities long-term liabilities</b>	<b>833,623</b>	<b>15,211</b>	<b>151,596</b>	<b>697,238</b>	<b>87,278</b>
<b>Business type activities:</b>					
<b>Water and Sewer Fund</b>					
Net pension liability (LGERS)	135,862	-	79,741	56,121	-
Installment purchases	442,837	-	155,391	287,446	155,390
Compensated absences	24,561	4,602	-	29,163	-
<b>Business type activities long-term liabilities</b>	<b>\$ 603,260</b>	<b>\$ 4,602</b>	<b>\$ 235,132</b>	<b>\$ 372,730</b>	<b>\$ 155,390</b>

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2022 consist of the following:

Due to/from other funds:

Due to General Fund from the Water and Sewer Fund	<u>\$210,000</u>
Temporary loan to USDA Funded 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>\$30,000</u>
Error in deposit of transferred funds. To be repaid subsequent to year end.	
Due to Business-Type Funds from Governmental Funds	<u>\$2,279</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, 2022

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	\$2,580,929
Less:	
Inventories	-
Stabilization by State Statute	434,317
Streets-Powell Bill	52,735
Appropriated Fund Balance in 2023 budget	50,215
Working Capital/Fund Balance Policy	934,266
Assigned for retiree health insurance	20,409
Remaining Fund Balance	1,088,987

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, 2022, 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, 2022. 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.

. 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.

VI. Subsequent Events

Town administrative staff has evaluated subsequent events through November 15, 2022, the date the financial statements were available to be issued. The ABC Board management has evaluated subsequent events through October 21, 2022, 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 Nine Fiscal Years

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Mount Pleasant's proportion of the net pension liability (asset) (%)	0.00660%	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) (\$)	\$ 101,217	\$ 247,638	\$ 146,377	\$ 108,890	\$ 65,387	\$ 89,139	\$ 14,361	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 438,069	\$ 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	23.11%	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	95.51%	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 Nine Fiscal Years

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 49,351	\$ 50,426	\$ 64,662	\$ 56,852	\$ 46,465	\$ 37,241	\$ 18,928	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	49,351	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	\$ 434,814	\$ 438,069	\$ 428,512	\$ 409,300	\$ 340,651	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171
Contributions as a percentage of covered-employee payroll	11.35%	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  
 Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 5,673	\$ -	\$ -	\$ -	\$ -
Interest	1,160	164	383	544	-
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	36,228	(204)	235	-
Changes of assumptions	7,360	8,001	13	(41)	-
Benefit payments	-	(4,496)	(6,180)	(6,180)	-
Net change in total OPEB liability	<u>14,193</u>	<u>39,897</u>	<u>(5,988)</u>	<u>(5,442)</u>	-
Total OPEB liability - beginning	46,815	6,918	12,906	18,348	-
Total OPEB liability - ending	<u>\$ 61,008</u>	<u>\$ 46,815</u>	<u>\$ 6,918</u>	<u>\$ 12,906</u>	<u>\$ -</u>
Covered payroll	N/A	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	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>
2022	2.16%
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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
<b>Ad valorem taxes</b>			
Taxes	\$ 906,384	\$ 967,269	\$ 60,885
Penalties and interest	2,000	6,045	4,045
Total	<u>908,384</u>	<u>973,314</u>	<u>64,930</u>
<b>Unrestricted intergovernmental</b>			
Local option sales tax	240,000	343,921	103,921
Utility sales tax	80,000	86,871	6,871
Telecommunications sales tax	18,900	8,902	(9,998)
Local video program tax	17,700	15,777	(1,923)
Beer and wine taxes	7,000	6,703	(297)
ABC profit distribution	-	-	-
Total	<u>363,600</u>	<u>462,174</u>	<u>98,574</u>
<b>Sales, permits, and fees</b>			
Rent and other	14,400	16,475	2,075
Solid waste fees	3,500	5,677	2,177
Demo fees-code enforcement liens	400	1,092	692
Recycling fees	20,000	23,283	3,283
Permits and fees	3,500	10,920	7,420
Total	<u>41,800</u>	<u>57,447</u>	<u>15,647</u>
<b>Restricted intergovernmental</b>			
Solid waste disposal tax	1,200	1,273	73
American Rescue Plan (ARP) grant	78,095	-	(78,095)
Powell Bill allocation	50,000	51,055	1,055
Total	<u>129,295</u>	<u>52,328</u>	<u>(76,967)</u>
<b>Restricted intergovernmental-public safety</b>			
FEMA grant	-	844	844
Cabarrus Co. EMS grant	-	1,000	1,000
Contract fire-Cabarrus Co.	556,341	610,712	54,371
Contract fire-Cabarrus Co tax distribution	110,000	120,188	10,188
Total	<u>666,341</u>	<u>732,744</u>	<u>66,403</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Investment earnings</b>	<u>2,000</u>	<u>2,707</u>	<u>707</u>
<b>Other revenues</b>			
Carolina Thread Trail grant	43,923	43,923	-
Private contributions	-	28	28
Miscellaneous	24,000	2,603	(21,397)
Events revenue	<u>2,500</u>	<u>5,785</u>	<u>3,285</u>
Total	<u>70,423</u>	<u>52,339</u>	<u>(18,084)</u>
Total revenues	<u>2,181,843</u>	<u>2,333,053</u>	<u>151,210</u>
<b>Expenditures</b>			
<b>General government</b>			
Town Hall			
Contracted services	9,300	5,679	3,621
Utilities	18,000	10,684	7,316
Maintenance and repairs-building	116,685	14,459	102,226
Maintenance and repairs-equipment	1,000	497	503
Insurance-property and casualty	33,000	35,553	(2,553)
Telephone	11,500	11,274	226
Cleaning supplies	500	206	294
Fuel	500	285	215
Capital outlay building	<u>75,000</u>	<u>193,346</u>	<u>(118,346)</u>
Total	<u>265,485</u>	<u>271,983</u>	<u>(6,498)</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	7,500	4,292	3,208
Cabarrus Economic Development	2,500	2,000	500
Cabarrus Rowan MPO	500	287	213
Centralina Council of Governments	3,000	431	2,569
Board miscellaneous expense	<u>1,849</u>	<u>405</u>	<u>1,444</u>
Total	<u>40,399</u>	<u>31,913</u>	<u>8,486</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration and Finance			
Salaries and wages	50,000	48,469	1,531
Salaries and wages-longevity	1,250	1,250	-
Health insurance	7,700	7,291	409
Insurance-dental/vision	500	375	125
Future retiree insurance	3,000	-	3,000
Social security	5,000	4,869	131
Employee benefits-retirement	6,000	5,812	188
Employee benefits-401k	2,650	2,423	227
Dues and subscriptions	3,700	990	2,710
Education and travel	6,000	2,448	3,552
Insurance-workman's comp	2,600	(90)	2,690
Attorney fees	11,000	11,451	(451)
Auditor fees	11,500	13,670	(2,170)
Tax collection expense	5,000	4,406	594
Tax penalty paid to school system	1,000	575	425
Contracted services	38,000	33,567	4,433
Communications-mobile	2,600	2,520	80
Advertising	3,500	2,324	1,176
Office supplies and postage	6,500	4,281	2,219
Computers and software	13,145	13,133	12
Office staff uniforms	200	-	200
Capital outland-real estate acquisition	365,000	210,547	154,453
Miscellaneous	4,787	1,547	3,240
	<u>550,632</u>	<u>371,858</u>	<u>178,774</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Planning and development			
Salaries and wages	62,000	54,152	7,848
Salaries and wages code enforcement	8,000	3,805	4,195
Planning board stipend	7,200	7,200	-
Health insurance	6,500	5,867	633
Insurance-dental/vision	540	423	117
Social security	5,900	4,984	916
Employee benefits-retirement	9,100	8,612	488
Dues and subscriptions	1,000	616	384
Education and travel	2,000	325	1,675
Attorney fees	10,000	1,187	8,813
Contracted services-planning	9,500	3,000	6,500
Abatement & demolition	5,000	-	5,000
Town branding expense	5,000	3,760	1,240
Studies-planning	20,000	15,000	5,000
Downtown development	6,000	-	6,000
Facade improvement program	10,000	4,337	5,663
Economic development	2,500	-	2,500
Advertising	5,000	1,412	3,588
Uniforms	200	-	200
Resources & manuals	500	-	500
Code enforcement-miscellaneous	1,000	775	225
Department supplies and postage	1,000	696	304
	<u>177,940</u>	<u>116,151</u>	<u>61,789</u>
 Total	 <u>1,034,456</u>	 <u>791,905</u>	 <u>242,551</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Public safety</b>			
Law enforcement			
Contract services-Cabarrus County	137,448	151,193	(13,745)
Maintenance and repair -vehicles and equipment	3,000	1,556	1,444
Departmental supplies and postage	500	100	400
Police admin services fee	13,745	-	13,745
Fuel	7,000	5,100	1,900
Total	<u>161,693</u>	<u>157,949</u>	<u>3,744</u>
Fire department			
Salaries and wages	380,200	338,634	41,566
Pay per call	8,000	2,796	5,204
Health insurance	3,300	2,983	317
Insurance-dental/vision	200	155	45
Social security	30,100	26,108	3,992
Employee benefits-retirement	2,700	2,908	(208)
Employee benefits-401k	900	1,285	(385)
Dues and subscriptions	1,250	1,020	230
Education and travel	8,000	-	8,000
Firemen's physicals	1,000	-	1,000
Insurance-workman's comp	18,000	16,951	1,049
Auditing services	2,000	2,000	-
Utilities	12,000	10,357	1,643
Maintenance and repairs-building	11,500	2,492	9,008
Maintenance and repairs-vehicles and equipment	37,495	60,064	(22,569)
Insurance-property and casualty	25,000	23,761	1,239
Telephone	4,100	3,775	325
Communications-mobile	3,250	3,141	109
Departmental supplies and materials	1,800	1,480	320
Office supplies	400	101	299
Fire and rescue supplies	37,050	18,586	18,464
Uniforms	5,000	1,984	3,016
EMS supplies	2,500	2,314	186
Computers and software	13,000	14,277	(1,277)
Personal protective gear	24,000	19,224	4,776
Fuel	14,000	13,996	4
Capital outlay-vehicles & equipment	327,950	242,661	85,289
Miscellaneous	7,950	4,921	3,029
Total	<u>982,645</u>	<u>817,974</u>	<u>164,671</u>
Total public safety	<u>1,144,338</u>	<u>975,923</u>	<u>168,415</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Public works</b>			
Public works facilities general			
Contracted services	600	44	556
Utilities	30,000	33,142	(3,142)
Maintenance and repairs-building	5,000	3,526	1,474
Insurance property and casualty	3,250	3,250	-
Telephone	1,700	1,470	230
Department supplies & postage	400	154	246
Miscellaneous	2,500	388	2,112
	<u>43,450</u>	<u>41,974</u>	<u>1,476</u>
Streets			
Salaries	27,000	32,485	(5,485)
Salaries-part time	16,000	14,310	1,690
Health insurance	5,200	4,675	525
Insurance-dental/vision	320	221	99
Social security	3,800	3,580	220
Employee benefits-retirement	3,000	2,764	236
Employee benefits-401k	1,800	1,223	577
Education and travel	500	-	500
Insurance-workman's comp	4,000	1,396	2,604
Contracted services-engineer	7,500	3,355	4,145
Contracted services-other	60,000	57,800	2,200
Snow and ice removal	1,500	1,669	(169)
Maintenance and repairs-vehicles and equipment	5,000	10,488	(5,488)
Maintenance and repairs-sidewalks	2,000	6,617	(4,617)
Maintenance and repairs-streets	10,000	469	9,531
Maintenance and repairs-parking lot	5,000	-	5,000
Departmental supplies and materials	3,500	5,549	(2,049)
Fuel	3,700	643	3,057
Powell Bill expenditures	50,000	39,602	10,398
Capital outlay-infrastructure	157,518	-	157,518
Capital outlay-vehicles & equipment	112,900	5,338	107,562
	<u>480,238</u>	<u>192,184</u>	<u>288,054</u>
Sanitation			
Contract services-recycling	20,000	18,648	1,352
Contract services	77,500	68,544	8,956
Landfill fees	29,000	35,757	(6,757)
Departmental supplies and postage	12,000	20	11,980
	<u>138,500</u>	<u>122,969</u>	<u>15,531</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Buildings and grounds</b>			
Salaries	47,000	40,803	6,197
Health insurance	9,100	8,032	1,068
Insurance-dental/vision	532	312	220
Social security	3,700	3,122	578
Employee benefits-retirement	5,300	4,576	724
Employee benefits-401k	2,400	1,826	574
Insurance-workman's comp	2,750	1,396	1,354
Maintenance and repairs-vehicles and equipment	1,200	627	573
Departmental supplies and postage	1,600	2,418	(818)
	<u>73,582</u>	<u>63,112</u>	<u>10,470</u>
<b>Total</b>			
Total public works	<u>735,770</u>	<u>420,239</u>	<u>315,531</u>
<b>Cultural and recreational</b>			
Park maintenance	14,000	12,582	1,418
Mt Pleasant beautification	11,018	8,738	2,280
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	1,000	547	453
Independence day celebration	17,500	19,133	(1,633)
Christmas parade	1,500	830	670
Charitable contribution	400	30	370
Events expense	10,000	6,825	3,175
Capital outlay-buildings and grounds	89,223	85,535	3,688
	<u>147,641</u>	<u>137,140</u>	<u>10,501</u>
<b>Total cultural and recreational</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, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Debt service</b>			
Principal	85,466	84,916	550
Interest	18,485	19,031	(546)
	<u>103,951</u>	<u>103,947</u>	<u>4</u>
Total debt service			
Total expenditures	<u>3,166,156</u>	<u>2,429,154</u>	<u>737,002</u>
Revenues over (under) expenditures	<u>(984,313)</u>	<u>(96,101)</u>	<u>888,212</u>
<b>Other financing sources (uses)</b>			
Transfer to capital projects fund	(55,000)	(55,000)	-
Transfer to capital reserve general fund	(16,162)	(291,421)	(275,259)
Transfer to capital reserve fire radio replacement	(10,758)	-	10,758
Transfer to capital reserve municipal complex	(90,000)	-	90,000
Transfer from proprietary fund	-	3,000	3,000
Transfer from capital reserve general fund	226,450	193,150	(33,300)
Sale of capital assets	-	256,525	256,525
Insurance recovery	103,185	106,026	2,841
	<u>157,715</u>	<u>212,280</u>	<u>54,565</u>
Total			
Fund balance appropriated	<u>826,598</u>	<u>-</u>	<u>(826,598)</u>
Net change in fund balance	<u>\$ -</u>	<u>116,179</u>	<u>\$ 116,179</u>
<b>Fund balances</b>			
Fund balances, beginning		<u>2,464,750</u>	
Fund balances, ending		<u>\$ 2,580,929</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services			
Water charges	\$ 658,000	\$ 685,028	\$ 27,028
Sewer charges	521,785	550,721	28,936
Water and sewer taps	10,000	76,650	66,650
Lease revenue cell phone satellites	21,000	21,846	846
Other operating revenues	25,000	31,788	6,788
	<u>1,235,785</u>	<u>1,366,033</u>	<u>130,248</u>
Nonoperating revenues			
Investment earnings	2,000	1,782	(218)
	<u>2,000</u>	<u>1,782</u>	<u>(218)</u>
Total revenues	<u>1,237,785</u>	<u>1,367,815</u>	<u>130,030</u>
<b>Expenditures</b>			
Billing and water sewer administration			
Salaries and wages	88,200	84,439	3,761
Salaries and wages longevity	750	500	250
Health insurance	15,000	15,000	-
Insurance-dental/vision	915	747	168
Social security	8,000	7,565	435
Employee benefits-retirement	10,100	9,604	496
Employee benefits-401k	4,450	5,300	(850)
Dues and subscriptions	650	615	35
Insurance-workman's comp	2,500	1,744	756
Contracted services-engineer	35,000	23,255	11,745
Auditor fees	11,000	11,000	-
Attorney fees	5,000	3,560	1,440
Contracted services-administration	15,000	13,950	1,050
Equipment lease	5,500	4,342	1,158
Transaction processing fees	11,000	11,698	(698)
Communications-mobile	2,500	2,439	61
Office supplies and postage	8,400	8,886	(486)
Uniforms	3,000	2,591	409
Fuel	1,500	2,563	(1,063)
Miscellaneous	19,453	3,158	16,295
Bad debt provision	-	(1,771)	1,771
	<u>247,918</u>	<u>211,185</u>	<u>36,733</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Public Works Facility-Water and Sewer			
Utilities	11,000	9,002	1,998
Maintenance and repairs-building	9,000	744	8,256
Insurance-property and casualty	3,000	3,000	-
Telephone	5,500	5,326	174
Office supplies	400	86	314
Total public works facility	<u>28,900</u>	<u>18,158</u>	<u>10,742</u>
Water distribution			
Salaries and wages	48,000	44,612	3,388
Health insurance	9,100	9,100	-
Insurance-dental/vision	600	509	91
Social security	3,800	3,413	387
Employee benefits-retirement	5,300	5,006	294
Employee benefits-401k	2,600	2,835	(235)
Education and travel	1,000	129	871
Contracted services	2,300	3,600	(1,300)
Water purchase	10,000	2,219	7,781
Maintenance and repairs-hydrants	5,000	627	4,373
Maintenance and repairs-vehicles and equip.	2,056	1,888	168
Maintenance and repairs-water lines	27,500	41,433	(13,933)
Maintenance and repairs-meters	30,000	32,883	(2,883)
Departmental supplies	8,000	5,359	2,641
Miscellaneous	673	275	398
Total water distribution	<u>155,929</u>	<u>153,888</u>	<u>2,041</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Water treatment plant			
Salaries and wages	71,200	71,302	(102)
Salaries and wages-part time	30,000	20,794	9,206
Salaries and wages-longevity	250	250	-
Health insurance	8,100	7,199	901
Insurance-dental/vision	475	435	40
Social security	7,700	7,064	636
Employee benefits-retirement	8,100	8,089	11
Employee benefits-401k	3,600	3,565	35
Dues and subscriptions	4,100	5,884	(1,784)
Education and travel	500	255	245
Insurance-workers comp	2,890	1,396	1,494
Insurance-property and casualty	3,300	3,300	-
Contracted services	32,000	31,564	436
Utilities	42,000	36,096	5,904
Maintenance and repairs-building	2,000	7,253	(5,253)
Maintenance and repairs-vehicle	800	324	476
Maintenance and repairs-equipment	298,268	31,235	267,033
Telephone	2,500	1,486	1,014
Mobil communications	600	600	-
Departmental supplies	8,000	9,947	(1,947)
Office supplies	500	55	445
Chemicals	33,000	27,955	5,045
Computers & software	1,200	-	1,200
Fuel	200	510	(310)
Miscellaneous	705	1,151	(446)
	<u>561,988</u>	<u>277,709</u>	<u>284,279</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Sewer collection			
Salaries and wages	48,000	43,685	4,315
Health insurance	9,100	9,100	-
Insurance-dental/vision	600	553	47
Social security	3,800	3,342	458
Employee benefits-retirement	5,300	4,903	397
Employee benefits-401k	2,600	2,092	508
Education and travel	2,000	1,712	288
Sewage treatment	200,000	185,234	14,766
Maintenance and repairs-vehicles and equip.	5,000	2,238	2,762
Maintenance and repairs-sewer lines	20,000	17,444	2,556
Maintenance and repairs-pump station	15,000	24,402	(9,402)
Maintenance and repairs-manholes/covers	32,500	-	32,500
Departmental supplies	2,500	3,146	(646)
Capital outlay-infrasctucture	20,000	1,000	19,000
Capital outlay-vehicles and equipment	48,418	45,251	3,167
Miscellaneous	600	1,892	(1,292)
Total sewer collection	<u>415,418</u>	<u>345,994</u>	<u>69,424</u>
Debt service			
Interest	14,879	11,877	3,002
Principal retirement	<u>157,392</u>	<u>155,390</u>	<u>2,002</u>
Total debt service	<u>172,271</u>	<u>167,267</u>	<u>5,004</u>
Total expenditures	<u>1,582,424</u>	<u>1,174,201</u>	<u>408,223</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, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues over (under) expenditures	(344,639)	193,614	538,253
Other financing sources (uses):			
Transfer from ARP fund	-	354,217	354,217
Transfer to capital reserve	(33,000)	-	
Transfer to general fund	-	(3,000)	(3,000)
	-	(3,000)	(3,000)
Total	(33,000)	351,217	351,217
Fund balance appropriated	380,639	-	(380,639)
Revenues and other sources over expenditures and other uses	\$ 3,000	544,831	\$ 508,831
Reconciliation from budgetary basis (modified accrual) to full accrual			
Revenues over expenditures		544,831	
Reconciling items			
Capital outlay		45,251	
Principal retirement		155,390	
Decrease in accrued interest		762	
Increase in due to other funds		371	
Increase in compensated absences		(4,601)	
Abandoned capital project expense		(26,940)	
Investment income capital projects fund		66	
Decrease in deferred outflows of resources-pensions		(4,449)	
Increase in deferred inflows of resources-pensions		(82,817)	
Decrease in net pension liability		79,741	
Depreciation		(124,602)	
Total reconciling items		38,172	
Change in net position		\$ 583,003	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2022

	Capital Projects			Total Non-major Governmental Funds
	Capital Reserve Fund	Fire Dept Facility Fund	Muni Complex & Park Improv Fund	
<b>Assets</b>				
Cash and cash equivalents	\$ 185,431	\$ 200,170	\$ -	\$ 385,601
Restricted cash	-	-	291,157	291,157
Due from other government	-	-	579	579
Total assets	<u>185,431</u>	<u>200,170</u>	<u>291,736</u>	<u>677,337</u>
<b>Liabilities and fund balances</b>				
Liabilities				
Due to other funds	-	-	71,650	71,650
Total liabilities	<u>-</u>	<u>-</u>	<u>71,650</u>	<u>71,650</u>
Fund balances				
Capital reserve	185,431	-	-	185,431
Capital project	-	200,170	220,086	420,256
Total fund balances	<u>185,431</u>	<u>200,170</u>	<u>220,086</u>	<u>605,687</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 185,431</u>	<u>\$ 200,170</u>	<u>\$ 291,736</u>	<u>\$ 677,337</u>

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

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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 103	\$118	\$ 221	\$ 221
Total revenues	<u>-</u>	<u>103</u>	<u>118</u>	<u>221</u>	<u>221</u>
Other financing sources (uses)					
Debt proceeds				-	-
Transfer from General Fund	400,000	171,459	291,421	462,880	62,880
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer to General Fund	<u>(400,000)</u>	<u>(84,520)</u>	<u>(193,150)</u>	<u>(277,670)</u>	<u>122,330</u>
Total other financing sources (uses)	<u>-</u>	<u>86,939</u>	<u>98,271</u>	<u>185,210</u>	<u>185,210</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 87,042</u>	<u>\$ 98,389</u>	<u>\$ 185,431</u>	<u>\$ 185,431</u>

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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest income	\$ -	\$ 374	\$ 118	\$ 492	\$ 492
Total revenues	-	374	118	492	492
<b>Expenditures</b>					
Building construction	1,300,000	-	-	-	1,300,000
Parking lot constructon	100,000	-	-	-	100,000
Engineering and architect fees	312,000	229,325	92,800	322,125	(10,125)
Miscellaneous	130,000	877	4,623	5,500	124,500
Total expenditures	1,842,000	230,202	97,423	327,625	1,514,375
Revenues over (under) expenditures	(1,842,000)	(229,828)	(97,305)	(327,133)	1,514,867
<b>Other financing sources (uses)</b>					
Transfer from General Fund	442,000	472,303	55,000	527,303	85,303
Proceeds from installment borrowing	1,400,000	-	-	-	(1,400,000)
Total other financing sources (uses)	1,842,000	472,303	55,000	527,303	(1,314,697)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 242,475	\$ (42,305)	\$ 200,170	\$ 200,170

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 CAPITAL PROJECT-MUNICIPAL COMPLEX AND PARK IMPROVEMENTS - GENERAL FUND  
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
 From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest income	\$ -	\$ -	\$ 11	\$ 11	\$ 11
Total revenues	-	-	11	11	11
<b>Expenditures</b>					
Construction	1,255,137	-	78,674	78,674	1,176,463
Miscellaneous and contingency	244,863	-	1,250	1,250	243,613
Total expenditures	1,500,000	-	79,924	79,924	1,420,076
Revenues over (under) expenditures	(1,500,000)	-	(79,913)	(79,913)	1,420,087
<b>Other financing sources (uses)</b>					
Transfer from NC State SCIF fund	300,000	-	300,000	300,000	-
Proceeds from installment borrowing	1,200,000	-	-	-	(1,200,000)
Total other financing sources (uses)	1,500,000	-	300,000	300,000	(1,200,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 220,087	\$ 220,087	\$ 220,087

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, 2022

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
<b>Revenues</b>					
Interest income-water project	\$ -	\$ 11	\$ 37	\$ 48	\$ 48
Interest income-sewer project	-	10	29	39	39
<b>Total revenues</b>	<b>-</b>	<b>21</b>	<b>66</b>	<b>87</b>	<b>87</b>
<b>Expenditures</b>					
Construction-water project	-	-	-	-	-
Construction-sewer project	-	-	-	-	-
Bond counsel-water project	40,000	-	-	-	40,000
Bond counsel-sewer project	40,000	-	-	-	40,000
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	-
Engineering design phase water project	90,000	-	75,000	75,000	15,000
Engineering design phase sewer project	90,000	-	75,000	75,000	15,000
Wetland delineatin study-sewer project	-	1,177	-	1,177	(1,177)
Miscellaneous-water project	6,081,000	171	480	651	6,080,349
Miscellaneous-sewer project	1,901,000	170	476	646	1,900,354
<b>Total expenditures</b>	<b>8,270,000</b>	<b>29,518</b>	<b>150,956</b>	<b>180,474</b>	<b>8,089,526</b>
<b>Revenues over (under) expenditures</b>	<b>(8,270,000)</b>	<b>(29,497)</b>	<b>(150,890)</b>	<b>(180,387)</b>	<b>8,089,613</b>
<b>Other financing sources (uses)</b>					
USDA loan proceeds-water project	6,190,000	-	-	-	(6,190,000)
USDA loan proceeds-sewer project	2,010,000	-	-	-	(2,010,000)
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)
<b>Total other financing sources (uses)</b>	<b>8,270,000</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>	<b>(8,230,000)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ 10,503</b>	<b>\$ (150,890)</b>	<b>\$ (140,387)</b>	<b>\$ (140,387)</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
CORONAVIRUS STATE & LOCAL FISCAL RECOVERY FUNDS CFDA 21.027 (ARPA FUNDS)  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)  
From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
ARP Funds	\$ 708,146	\$ -	354,073	\$ 354,073	\$ (354,073)
Total revenues	<u>708,146</u>	<u>-</u>	<u>354,073</u>	<u>354,073</u>	<u>(354,073)</u>
Expenditures					
General Government					
Unassigned ARP Expenditures	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>708,146</u>	<u>-</u>	<u>354,073</u>	<u>354,073</u>	<u>(354,073)</u>
Other financing sources (uses)					
Transfer out - General Fund	-	-	-	-	-
Transfer out - Water Sewer Fund	<u>(708,146)</u>	<u>-</u>	<u>(354,073)</u>	<u>(354,073)</u>	<u>354,073</u>
Total other financing sources (uses)	<u>(708,146)</u>	<u>-</u>	<u>(354,073)</u>	<u>(354,073)</u>	<u>354,073</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 NORTH CAROLINA STATE CAPITAL AND INFRASTRUCTURE FUND (SCIF)  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)  
 From Inception and For the Fiscal Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
North Carolina SCIF Funds	\$ 300,000	\$ -	300,000	\$ 300,000	\$ -
<b>Total revenues</b>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
<b>Expenditures</b>					
General Government				-	-
Unassigned SCIF Expenditures	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfer out - Muni Complex Capital Project	(300,000)	-	(300,000)	(300,000)	-
Transfer out - Water Sewer Fund	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022		\$ 953,184	\$ 947,368	\$ 5,816
2020-2021	\$ 12,239	-	11,937	302
2019-2020	5,820	-	5,500	320
2018-2019	3,312	-	3,013	299
2017-2018	25	-	-	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	-
	<u>\$ 22,702</u>	<u>\$ 953,184</u>	<u>\$ 968,247</u>	<u>7,639</u>
Less allowance for uncollectible accounts:				
General Fund				1,054
Ad valorem taxes receivable-net				6,585
Reconcilement with revenues:				
Ad valorem taxes - General Fund				973,314
Reconciling items				
Interest collected				(6,045)
Taxes written off				978
Total collections and credits				\$ 968,247

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
 ANALYSIS OF CURRENT TAX LEVY  
 TOWN-WIDE LEVY  
 For the Fiscal Year Ended June 30, 2022

	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	\$ 186,664,554	\$.505	\$ 942,729	\$ 853,079	\$ 89,650
Penalties	-		602	602	-
Total	<u>186,664,554</u>		<u>943,331</u>	<u>853,681</u>	<u>89,650</u>
Discoveries:					
Current year taxes	644,739	.505	3,178	3,178	-
Prior year taxes	-		6,665	6,665	-
Penalties	-		10	10	-
Total	<u>644,739</u>		<u>9,853</u>	<u>9,853</u>	<u>-</u>
Releases	<u>(114,177)</u>		<u>(510)</u>	<u>(294)</u>	<u>(216)</u>
Total property valuation	<u>\$ 187,195,116</u>				
Net levy			952,674	863,240	89,434
Uncollected taxes at June 30, 2022			<u>(5,816)</u>	<u>(5,816)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 946,858</u>	<u>\$ 857,424</u>	<u>\$ 89,434</u>
Current levy collection percentage			<u>99.39%</u>	<u>99.33%</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

I 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information the Town of Mount Pleasant, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Town of Mount Pleasant's basic financial statements, and have issued my report thereon dated November 15, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I 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. My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the following paragraph that I 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, 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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, I express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my 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  
November 15, 2022