

**Financial Statements for the
Town of Mount Pleasant in
North Carolina**

**For the Fiscal Year Ended
June 30, 2015**

Town Board of Commissioners:

W. Del Eudy, Mayor
Lori Furr, Mayor Pro Tem
Warren Chapman
Steve Ashby
Scott Barringer
Justin Simpson

Administrative and Financial Staff:

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

SHERRILL & SMITH

Certified Public Accountants
A Professional Association
Salisbury, North Carolina

TOWN OF MOUNT PLEASANT
NORTH CAROLINA
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June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Mount Pleasant, North Carolina as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Mount Pleasant, North Carolina as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 14, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset on page 44 and Contributions on page ~~xx~~⁴⁸, be presented to ^{page 45} supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The introductory information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Sherrill G Smith, CPAs, PA
Salisbury, North Carolina
December 2, 2015

Management's Discussion and Analysis

As management of the Town of Mount Pleasant, we offer readers of the Town of Mount Pleasant's financial statements this narrative overview and analysis of the financial activities of the Town of Mount Pleasant for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

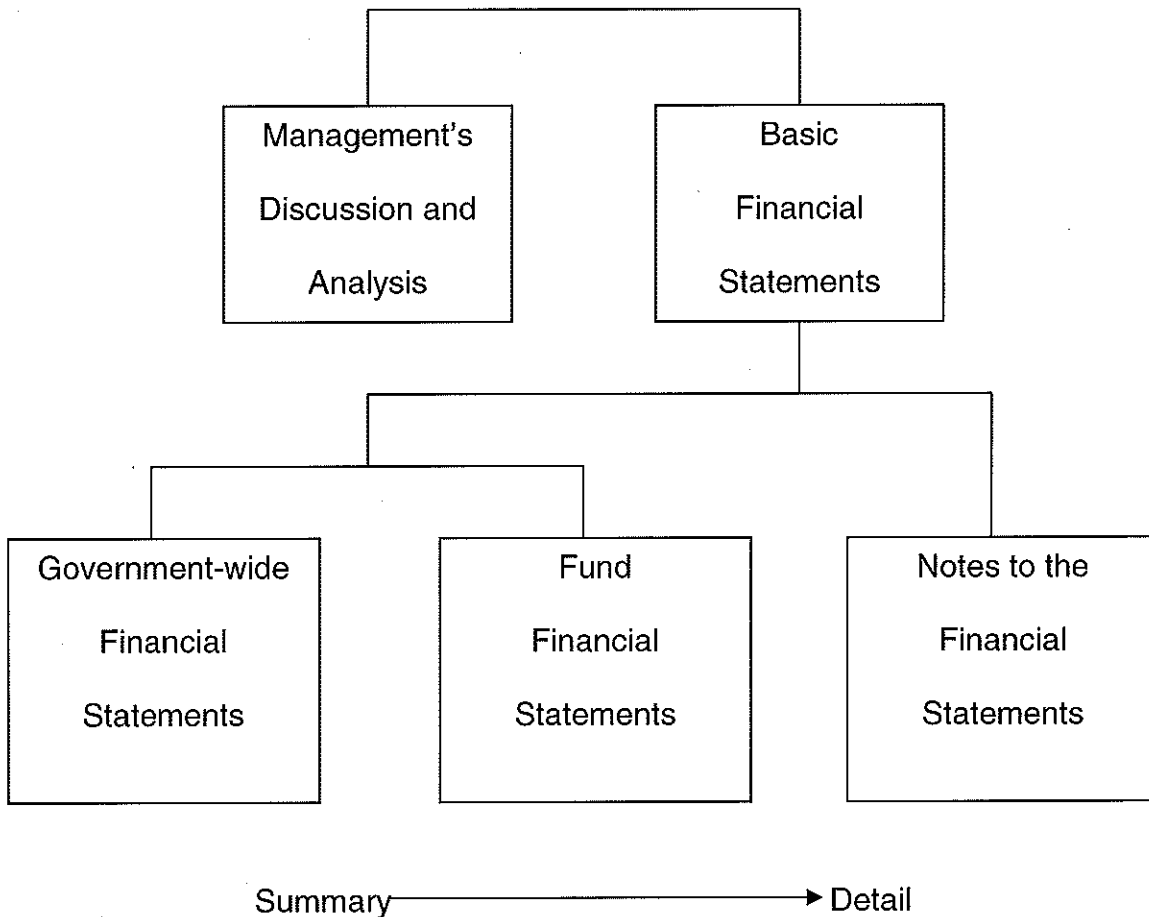
- The assets and deferred outflows of resources of the Town of Mount Pleasant *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,264,588 (***net position***).
- The government's total net position *increased* by \$195,571, due to diligent cost savings measures and *increases* in the *governmental* and *water and sewer* activities net position.
- As of the close of the current fiscal year, the Town of Mount Pleasant's governmental funds reported combined ending fund balances of \$1,501,880 an *increase* of \$71,329 in comparison with the prior year. Approximately 83% of this total amount, or \$1,241,893, is available for spending at the government's discretion (***unreserved and unassigned fund balance***).
- At the end of the current fiscal year, unreserved and unassigned fund balance for the General Fund was \$1,241,893 or 86 % of total general fund expenditures for the fiscal year.
- The Town of Mount Pleasant's total debt *decreased* by \$99,346 (5%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Mount Pleasant's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Mount Pleasant.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Management Discussion and Analysis

Town of Mount Pleasant

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town. The final category is the component unit. Although legally separate from the Town of Mount Pleasant, the Town of Mount Pleasant ABC Board is important to the Town because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town of Mount Pleasant.

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mount Pleasant, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial

Management Discussion and Analysis

Town of Mount Pleasant

statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds – Town of Mount Pleasant has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. 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 **25-42** of this report.

Management Discussion and Analysis
Town of Mount Pleasant

Government-Wide Financial Analysis

The Town of Mount Pleasant's Net Position
Figure 2

	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,597,817	\$ 1,544,276	\$ 1,458,644	\$ 1,402,162	\$ 3,056,461	\$ 2,946,438
Capital assets	2,677,440	2,548,166	3,623,508	3,687,147	6,300,948	6,235,313
Deferred outflow s of resources	15,362	-	9,309	-	24,671	-
Non-current assets	19,389	-	11,749	-	31,138	-
Total assets and deferred outflow s of resources	4,275,257	3,848,260	5,103,210	5,135,887	9,413,218	9,181,751
Long-term liabilities outstanding	430,087	319,032	1,219,786	1,375,176	1,649,873	1,694,208
Other liabilities	114,466	137,867	310,324	240,166	424,790	378,033
Deferred inflow s of resources	46,058	99	27,909	-	73,967	99
Total liabilities and deferred inflow s of resources	590,611	456,998	1,558,019	1,615,342	2,148,630	2,072,340
Net position:						
Net investment in capital assets	2,217,486	2,205,731	2,248,332	2,156,581	4,465,818	4,362,312
Restricted	259,987	264,198	22,600	22,600	282,587	286,798
Unrestricted	1,241,924	1,165,515	1,274,259	1,294,786	2,516,183	2,460,301
Total net position	\$ 3,719,397	\$ 3,635,444	\$ 3,545,191	\$ 3,473,967	\$ 7,264,588	\$ 7,109,411

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 \$7,264,588 as of June 30, 2015. The Town of Mount Pleasant net position *increased* by \$195,571 for the fiscal year ended June 30, 2015. However, the largest portion (61%) 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, \$282,587 (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,516,183 (35%) is unrestricted. Also, the Town of Mount Pleasant implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$40,394. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Mount Pleasant's management.

Management Discussion and Analysis

Town of Mount Pleasant

Several particular aspects of the Town of Mount Pleasant, financial operations impacted the total unrestricted governmental net position:

- The Town used less fund balance than budgeted for current operations.
- New state statutes require stabilization restrictions, increasing the amount of restricted fund balance.

Town of Mount Pleasant's Changes in Net Position

Figure 3

	Governmental Activities 2015	Governmental Activities 2014	Business Type Activities 2015	Business Type Activities 2014	Total 2015	Total 2014
Revenues:						
Program revenues:						
Charges for services	\$ 19,825	\$ 18,933	\$ 933,045	\$ 944,529	\$ 952,870	\$ 963,462
Operating grants and contributions	468,144	463,187	-	-	468,144	463,187
General revenues:						
Property taxes	668,028	700,105	-	-	668,028	700,105
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	342,274	295,546	-	-	342,274	295,546
Other	46,256	60,403	24	39	46,280	60,442
Total revenues	1,544,527	1,538,174	933,069	944,568	2,477,596	2,482,742
Expenses:						
General government	345,811	316,376	-	-	345,811	316,376
Public safety	750,396	690,025	-	-	750,396	690,025
Transportation	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-
Public works	309,704	289,417	-	-	309,704	289,417
Culture and recreational	18,288	13,540	-	-	18,288	13,540
Building and grounds	-	-	-	-	-	-
Interest on long-term debt	11,222	13,044	-	-	11,222	13,044
Water and sewer	-	-	846,604	816,212	846,604	816,212
Total expenses	1,435,421	1,322,402	846,604	816,212	2,282,025	2,138,614
Increase in net position before transfers	109,106	215,772	86,465	128,356	195,571	344,128
Transfers	-	-	-	-	-	-
Increase in net position	109,106	215,772	86,465	128,356	195,571	344,128
Net position, July 1, previously reported	3,635,444	3,419,672	3,473,967	3,345,611	7,109,411	6,765,283
Reinstatement	(25,153)	-	(15,241)	-	(40,394)	-
Net position, beginning, restated	3,610,291	3,419,672	3,458,726	3,345,611	7,069,017	6,765,283
Net position, June 30	\$ 3,719,397	\$ 3,635,444	\$ 3,545,191	\$ 3,473,967	\$ 7,264,588	\$ 7,109,411

Management Discussion and Analysis

Town of Mount Pleasant

Governmental activities. Governmental activities *increased* the Town of Mount Pleasant's net position by \$109,106. Key elements of this increase are as follows:

- Expenditures were less than those budgeted.

Business-type activities: Business-type activities *increased* the Town of Mount Pleasant's net position by \$86,465. Key elements of this increase are as follows:

- The Town has focused on maintaining consistent utility collections.
- The Town maintains a utility extension policy that allows for private investment when extensions are requested.
- The Town continues to take initiatives to reduce the number and cost of contracted repairs.

Financial Analysis of the Town of Mount Pleasant, Cabarrus County Funds

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

Governmental Funds. The focus of the Town of Mount Pleasant's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Mount Pleasant. At the end of the current fiscal year, unreserved / unassigned fund balance of the General Fund was \$1,241,893, while total fund balance reached \$1,446,880. The Town Council of the Town of Mount Pleasant has determined that the Town should maintain an available fund balance of 42% of budgeted expenditures in case of unforeseen needs or opportunities. The Town currently has an available fund balance of 80% of general fund expenditures, while total fund balance represents 94% of total General Fund expenditures.

At June 30, 2015, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$1,501,880, a net increase in fund balance of \$71,329. Included in this change in fund balance are increases in fund balance in the General Fund and an increase of \$35,000 in the Capital Reserve Funds.

Management Discussion and Analysis

Town of Mount Pleasant

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 \$1,274,259. The total growth in net assets for the fund was \$86,465.

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, 2015, totals \$6,330,948 (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:

- Completed the purchase of a new water tanker truck for the Fire Department to assist with lowering the fire insurance rating in the Rural Fire District

Management Discussion and Analysis
Town of Mount Pleasant

Town of Mount Pleasant's Capital Assets

Figure 3

(net of depreciation)

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Land	\$ 237,842	\$ 218,401	\$ -	\$ -	\$ 237,842	\$ 218,401
Construction in progress	-	109,101	-	-	-	109,101
Buildings and systems	1,103,187	1,043,333	3,585,857	3,667,048	4,689,044	4,710,381
Machinery and equipment	47,464	44,149	37,651	20,099	85,115	64,248
Infrastructure	202,579	211,285	-	-	202,579	211,285
Vehicles and motorized	1,086,368	921,897	-	-	1,086,368	921,897
Total	\$ 2,677,440	\$ 2,548,166	\$ 3,623,508	\$ 3,687,147	\$ 6,300,948	\$ 6,235,313

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

Long-term Debt. As of June 30, 2015, the Town of Mount Pleasant had total debt outstanding of \$1,835,829. 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 Outstanding Debt Figure 4

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Installment Purchases	\$ 460,654	\$ 342,435	\$ 1,375,175	\$ 1,530,565	\$ 1,835,829	\$ 1,873,000
General Obligations	-	-	-	-	-	-
Net Pension Liability	-	38,279	-	23,196	-	61,475
Total	\$ 460,654	\$ 380,714	\$ 1,375,175	\$ 1,553,761	\$ 1,835,829	\$ 1,934,475

The Town of Mount Pleasant's total debt *decreased* by \$98,646 (5%) 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, 2015, the legal debt margin for Town of Mount Pleasant is \$8,674,558.

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

Economic Factors and Next Year's Budgets and Rates

In coming years, the economy of the Town of Mount Pleasant will experience many changes. The following key economic indicators reflect slow or stagnant growth in the economy of the **Town of Mount Pleasant**.

- Residential and commercial construction has slowed; however, a new 64 unit apartment complex has been approved and will start construction in the spring of 2015.
- The town's once vibrant textile industry has diminished significantly, and the town has largely become a bedroom community to larger employment centers.
- The region like the rest of the nation is flooded with low priced commercial and residential real-estate, while the town's housing and commercial is much older than neighboring communities.
- The town has few housing opportunities for young professionals.
- The town's educational attainment recorded in the 2010 census is below the national average.

Management Discussion and Analysis

Town of Mount Pleasant

- Unemployment continues to be high throughout the region and the nation. The unemployment rate for Cabarrus County at June 2014 was 8.8% which is a decrease from a rate of 9.3% in June of 2012. (Source: Cabarrus Economic Development Corporation).
- The economic climate will continue to be a big factor impacting future Mount Pleasant budget recommendations. We are seeing a slow recovery with experts saying the recovery will continue to be slow with local governments being some of the last institutions to benefit.

Despite the current economic situation, the following factors will help the town become more economically viable in coming years.

- One portion of the Highway 49 four lane project has been completed.
- The Town has created a new Economic Development / Project Coordinator Position and the Town is actively working with Cabarrus County Economic Development to bring new business and industry to Town.
- New sewer infrastructure could present development opportunities that have little impact on the town's transportation system. Discussions are on-going with the Water & Sewer Authority of Cabarrus County to make sewer available at and along the area of the new Highway 49 four lane project that is now complete. The Town has commissioned the Town Engineer to develop a utility plan for the Highway 49 corridor.
- There have been a significant number of inquiries about potential development in and around the Town in recent months.
- The Town worked with Cabarrus County to increase the fire district tax in the Rural Fire District in an effort to lower the fire insurance rating in both the Town and Rural Fire District. This process will lower the insurance premiums for residential customers by an estimated 24% and commercial and industrial customers by an estimated 16%. Lowering the fire insurance rate will save taxpayers significant dollars and hopefully encourage additional development in the community. The Town intends to request an additional rate increase during the fy-2016 budgeting process.
- One of the large vacant textile mills on Highway 49 is now a very successful antique retail that is doing much better than anticipated. The Town has been in contact with property owners of other vacant facilities in hopes of bringing more antique retail businesses to the Community.
- The Town initiated discussions with the State of North Carolina in May 2014 to purchase the old Cabarrus Correctional Facility with the intent to use the facility for economic development. The Town has a customer ready to occupy the facility once the Town takes ownership.

Management Discussion and Analysis

Town of Mount Pleasant

The economic and social changes of the last decade have brought the town to a cross-roads. Services and strategies that secure long-term economic stability and quality of life for the community must be evaluated against those that produce short-term benefits. The Town Board and Staff are aware of these issues and are moving forward to develop long term strategic goals and objectives to assure the long term financial stability of the community. Discussions are on-going with our Planning Department to develop a comprehensive land use plan in the early part of 2016.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: Revenues for 2016 are estimated to remain relatively unchanged. Estimates for Ad-valorem taxes are decreased due to reduced collection rates over the past 3 years. State collected local revenues are expected to improve slightly from 2015.

Business – type Activities: Revenues from business type activities are also budgeted conservatively and estimated to also be relatively unchanged,

Requests for Information

This report is designed to provide an overview of the **Town of Mount Pleasant, Cabarrus County** finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the **Mrs. Amy Schueneman Town Clerk P. O. Box 787, 8590 Park Drive, Mount Pleasant, North Carolina 704-436-9803 (office) 704-436-2921 (fax) email mptownhall@windstream.net website www.townofmountpleasantnc.org.**

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2015

Exhibit 1

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash	\$ 1,362,113	\$ 1,292,379	\$ 2,654,492	\$ 49,866
Taxes receivables (net)	25,224	-	25,224	-
Accrued interest receivable on taxes	5,493	-	5,493	-
Accounts receivable	2,281	129,005	131,286	-
Internal balances	13,915	(13,915)	-	-
Due from other governments	102,902	-	102,902	-
Inventories	-	-	-	83,031
Prepaid items	-	-	-	7,491
Restricted cash	85,889	51,175	137,064	-
Total current assets	1,597,817	1,458,644	3,056,461	140,388
Non-current assets				
Net pension asset	19,389	11,749	31,138	6,841
Capital assets				
Land & non-depreciable improvements	237,842	-	237,842	-
Other capital assets net of depreciation	2,439,598	3,623,508	6,063,106	370
Total capital assets	2,677,440	3,623,508	6,300,948	370
Total assets	4,294,646	5,093,901	9,388,547	147,599
Deferred outflows of resources				
Contributions to pension plan in current fiscal year	15,362	9,309	24,671	4,195
Total deferred inflows of resources	15,362	9,309	24,671	4,195
Liabilities				
Current liabilities:				
Accounts payable & accrued liabilities	58,951	97,085	156,036	24,750
Advances from grantors	6,269	-	6,269	-
Accrued interest payable	1,737	6,674	8,411	-
Customer deposits	-	51,175	51,175	-
Due to other governments	-	-	-	14,704
Current portion of long-term liabilities	47,509	155,390	202,899	-
Long-term liabilities:				
Due in more than one year	430,087	1,219,786	1,649,873	-
Total liabilities	544,553	1,530,110	2,074,663	39,454
Deferred inflows of resources				
Pension deferrals	46,058	27,909	73,967	16,529
Total deferred inflows of resources	46,058	27,909	73,967	16,529
Net position				
Net investment in capital assets	2,217,486	2,248,332	4,465,818	370
Restricted for:				
Capital projects	55,000	22,600	77,600	-
Stabilization by State Statute	119,098	-	119,098	-
Other functions	85,889	-	85,889	18,515
Unrestricted	1,241,924	1,274,259	2,516,183	76,926
Total net position	\$ 3,719,397	\$ 3,545,191	\$ 7,264,588	\$ 95,811

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, 2015

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		
Primary government:								
General government	\$ 345,811	\$ -	\$ -	\$ -	\$ (345,811)	\$ -	\$ (345,811)	\$ -
Public safety	750,396	-	405,097	-	(345,299)	-	(345,299)	-
Public works	309,704	19,825	63,047	-	(226,832)	-	(226,832)	-
Cultural and recreational	18,288	-	-	-	(18,288)	-	(18,288)	-
Interest on long-term debt	11,222	-	-	-	(11,222)	-	(11,222)	-
Total governmental activities	1,435,421	19,825	468,144	-	(947,452)	-	(947,452)	-
Business-type activities								
Water and sewer	846,604	933,045	-	-	-	86,441	86,441	-
Total business-type activities	846,604	933,045	-	-	-	86,441	86,441	-
Total primary government	2,282,025	952,870	468,144	-	(947,452)	86,441	(861,011)	-
Component unit								
ABC Board	605,332	621,374	-	-	-	-	-	16,042
Total component unit	\$ 605,332	\$ 621,374	\$ -	\$ -	-	-	-	16,042
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					668,028	-	668,028	-
Grants and contributions not restricted to specific programs					342,274	-	342,274	-
Unrestricted investment earnings					18	24	42	15
Miscellaneous					46,238	-	46,238	-
Gain on insurance recovery					-	-	-	-
Total general revenues not including transfers					1,056,558	24	1,056,582	15
Transfers								
Total general revenues					1,056,558	24	1,056,582	15
Changes in net position					109,106	86,465	195,571	16,057
Net position, beginning					3,635,444	3,473,967	7,109,411	88,977
Restatement					(25,153)	(15,241)	(40,394)	(9,223)
Net position, beginning, restated					3,610,291	3,458,726	7,069,017	79,754
Net position, ending					\$ 3,719,397	\$ 3,545,191	\$ 7,264,588	\$ 95,811

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

Exhibit 3

	General Fund	Capital Reserve Fund	Total Governmental Funds
Assets			
Cash	\$ 1,307,113	\$ 55,000	\$ 1,362,113
Restricted cash	85,889	-	85,889
Receivables (net)			
Property taxes	25,224	-	25,224
Accounts	2,281	-	2,281
Due from other funds	13,915	-	13,915
Due from other government	102,902	-	102,902
	<u>1,537,324</u>	<u>55,000</u>	<u>1,592,324</u>
Total assets			
	<u>1,537,324</u>	<u>55,000</u>	<u>1,592,324</u>
Liabilities and fund balances			
Liabilities			
Accounts payable and accrued liabilities	55,725	-	55,725
Advances from grantors	6,269	-	6,269
Law enforcement distribution refundable	3,226	-	3,226
	<u>65,220</u>	<u>-</u>	<u>65,220</u>
Total liabilities			
	<u>65,220</u>	<u>-</u>	<u>65,220</u>
Deferred inflows of resources			
Property taxes receivable	25,224	-	25,224
Prepaid taxes	-	-	-
	<u>25,224</u>	<u>-</u>	<u>25,224</u>
Total deferred inflows of resources			
	<u>25,224</u>	<u>-</u>	<u>25,224</u>
Fund balances			
Restricted			
Stabilization by State statute	119,098	-	119,098
Streets	85,889	-	85,889
Capital reserve	-	55,000	55,000
Assigned			
Subsequent year's expenditures	-	-	-
Unassigned	1,241,893	-	1,241,893
	<u>1,446,880</u>	<u>55,000</u>	<u>1,501,880</u>
Total fund balances			
	<u>1,446,880</u>	<u>55,000</u>	<u>1,501,880</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,537,324</u>	<u>\$ 55,000</u>	<u>\$ 1,592,324</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

Exhibit 3

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

Total fund balances governmental funds		\$ 1,501,880
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		
Gross capital assets at historical cost	4,969,318	
Accumulated depreciation	<u>(2,291,878)</u>	2,677,440
Net pension asset		19,389
Contributions to the pension fund in the current fiscal year are deferred outflows of resources on the Statement of Net Position		15,362
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and, therefore, are deferred.		5,493
Liabilities for earned revenues considered deferred inflows of resources in fund statements		25,224
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning	(342,434)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	<u>(118,220)</u>	(460,654)
Pension related deferrals		(46,058)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(16,942)	
Accrued interest	<u>(1,737)</u>	<u>(18,679)</u>
Net position of governmental activities		<u>\$ 3,719,397</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Exhibit 4

	General Fund	Capital Reserve Fund	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 656,290	-	\$ 656,290
Unrestricted intergovernmental	342,274	-	342,274
Sales, permits, and fees	19,825	-	19,825
Restricted intergovernmental-grants	63,048	-	63,048
Restricted intergovernmental-public safety	405,096	-	405,096
Investment earnings	18	-	18
Other revenues	46,242	-	46,242
Total revenues	<u>1,532,793</u>	<u>-</u>	<u>1,532,793</u>
Expenditures:			
Current			
General government	330,385	-	330,385
Public safety	906,169	-	906,169
Public works	313,180	-	313,180
Cultural and recreational	18,288	-	18,288
Debt service			
Principal	40,684	-	40,684
Interest	12,127	-	12,127
Total expenditures	<u>1,620,833</u>	<u>-</u>	<u>1,620,833</u>
Revenues over (under) expenditures	<u>(88,040)</u>	<u>-</u>	<u>(88,040)</u>
Other financing sources (uses):			
Installment loan obligation issued	159,369	-	159,369
Transfer to capital reserve funds	(35,000)	35,000	-
Total other financing sources (uses)	<u>124,369</u>	<u>35,000</u>	<u>159,369</u>
Net change in fund balance	36,329	35,000	71,329
Fund balances, beginning	<u>1,410,551</u>	<u>20,000</u>	<u>1,430,551</u>
Fund balances, ending	<u>\$ 1,446,880</u>	<u>\$ 55,000</u>	<u>\$ 1,501,880</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

Exhibit 4

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

Net changes in fund balances-total governmental funds		\$	71,329
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceed capital outlays in the current period.			
Capital outlay expenditures which were capitalized	300,925		
Depreciation expense for governmental assets	<u>(171,651)</u>		129,274
Contributions to the pension plan in the current fiscal year not included on the Statement of Activities			15,362
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in unavailable revenues for tax revenues			11,738
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any affect on net position. This amount is the net effect of these differences in in the treatment of long-term debt and related items.			
New long-term debt issued	(159,369)		
Principal payments on long term debt	41,150		
Principal balance adjustment	-		
Increase in accrued interest payable	<u>437</u>		(117,782)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported expenditures in governmental funds.			
Compensated absences	701		
Pension expense	<u>(1,516)</u>		(815)
Total change in net position of governmental activities		\$	<u>109,106</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, 2015

Exhibit 5

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 654,358	\$ 654,358	\$ 656,290	\$ 1,932
Unrestricted intergovernmental	294,003	294,003	342,274	48,271
Sales, permits and fees	15,000	15,000	19,825	4,825
Restricted intergovernmental-grants	49,100	49,100	63,048	13,948
Restricted intergovernmental -public safety	358,863	358,863	405,096	46,233
Investment earnings	-	-	18	18
Other revenues	24,900	24,900	46,242	21,342
Total revenues	1,396,224	1,396,224	1,532,793	136,569
Expenditures:				
Current				
General government	324,202	359,652	330,385	29,267
Public safety	769,195	766,695	906,169	(139,474)
Public works	337,847	368,001	313,180	54,821
Cultural and recreational	28,500	27,000	18,288	8,712
Debt service				
Principal	48,240	48,240	40,684	7,556
Interest	13,489	13,489	12,127	1,362
Total expenditures	1,521,473	1,583,077	1,620,833	(37,756)
Revenues over (under) expenditures	(125,249)	(186,853)	(88,040)	98,813
Other financing sources (uses):				
Transfer to other funds	-	-	(35,000)	(35,000)
Installment loan obligation issued	-	-	159,369	159,369
Total other financing sources (uses)	-	-	124,369	124,369
Fund balance appropriated	125,249	186,853	-	(186,853)
Net change in fund balances	\$ -	\$ -	36,329	\$ 36,329
Fund balances, beginning			1,410,551	
Fund balances, ending			\$ 1,446,880	

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, 2015

Exhibit 6

Assets	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Current assets:			
Cash	\$ 1,282,379	\$ 10,000	\$ 1,292,379
Accounts receivable (net)	129,005	-	129,005
Restricted cash	51,175	-	51,175
Total current assets	<u>1,462,559</u>	<u>10,000</u>	<u>1,472,559</u>
Noncurrent assets			
Net pension asset	11,749	-	11,749
Capital assets:			
Fixed assets (net)	<u>3,623,508</u>	<u>-</u>	<u>3,623,508</u>
Total noncurrent assets	<u>3,635,257</u>	<u>-</u>	<u>3,635,257</u>
Total assets	<u>5,097,816</u>	<u>10,000</u>	<u>5,107,816</u>
Deferred outflows of resources			
Contributions to pension plan	<u>9,309</u>	<u>-</u>	<u>9,309</u>
Total deferred outflows of resources	<u>9,309</u>	<u>-</u>	<u>9,309</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	103,759	-	103,759
Customer deposits	51,175	-	51,175
Due to other funds	13,915	-	13,915
Notes payable-current	<u>155,390</u>	<u>-</u>	<u>155,390</u>
Total current liabilities	<u>324,239</u>	<u>-</u>	<u>324,239</u>
Noncurrent liabilities:			
Notes payable-noncurrent	<u>1,219,786</u>	<u>-</u>	<u>1,219,786</u>
Total noncurrent liabilities	<u>1,219,786</u>	<u>-</u>	<u>1,219,786</u>
Total liabilities	<u>1,544,025</u>	<u>-</u>	<u>1,544,025</u>
Deferred inflows of resources			
Pension deferrals	<u>27,909</u>	<u>-</u>	<u>27,909</u>
Total deferred outflows of resources	<u>27,909</u>	<u>-</u>	<u>27,909</u>
Net position			
Net investment in capital assets	2,248,332	-	2,248,332
Restricted for capital projects	12,600	10,000	22,600
Unrestricted	<u>1,274,259</u>	<u>-</u>	<u>1,274,259</u>
Total net position	<u>\$ 3,535,191</u>	<u>\$ 10,000</u>	<u>\$ 3,545,191</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, 2015

Exhibit 7

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Operating revenues:			
Charges for services	\$ 900,585	\$ -	\$ 900,585
Water and sewer taps	14,268	-	14,268
Other operating revenues	18,192	-	18,192
Total operating revenues	933,045	-	933,045
Operating expenses:			
Billing and administration	105,116	-	105,116
Public works facility	13,444	-	13,444
Water distribuion	296,286	-	296,286
Sewer collection	283,656	-	283,656
Depreciation	107,710	-	107,710
Total operating expenses	806,212	-	806,212
Operating income (loss)	126,833	-	126,833
Nonoperating revenues (expenses):			
Investment earnings	24	-	24
Interest paid on long-term debt	(40,392)	-	(40,392)
Net nonoperating revenues (expenses)	(40,368)	-	(40,368)
Change in net position	86,465	-	86,465
Total net position, beginning, previously reported	3,463,967	10,000	3,473,967
Restatement	(15,241)	-	(15,241)
Total net position, beginning, restated	3,448,726	10,000	3,458,726
Total net position, ending	\$ 3,535,191	\$ 10,000	\$ 3,545,191

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

Exhibit 8

	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers and users	\$ 936,432
Cash paid for goods and services	(531,576)
Cash paid to employees for services	(106,146)
Customer deposits received and returned	1,750
	<u>300,460</u>
Net cash provided by (used in) operating activities	<u>300,460</u>
Cash flows from noncapital financing activities:	
Increase (decrease) in amounts due from General Fund	(22,990)
	<u>(22,990)</u>
Net cash provided by (used in) capital and related financing activities	<u>(22,990)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(44,071)
Principal paid on debt	(155,390)
Interest paid on debt	(41,156)
	<u>(240,617)</u>
Net cash provided by (used in) capital and related financing activities	<u>(240,617)</u>
Cash flows from investing activities:	
Interest on investments	26
	<u>26</u>
Net increase (decrease) in cash and cash equivalents	36,879
Cash and cash equivalents at beginning of year	<u>1,306,675</u>
Cash and cash equivalents at end of year	<u><u>1,343,554</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>126,833</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	107,710
Pension expense	919
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	3,387
(Increase) decrease in due from other governments	-
Increase (decrease) in accounts payable	68,201
Increase (decrease) in accrued payroll expense	969
Increase (decrease) in customer deposits	1,750
(Increase) decrease in deferred outflows of resources for pensions	<u>(9,309)</u>
Total adjustments	<u>173,627</u>
Net cash provided by (used in) operating activities	<u><u>\$ 300,460</u></u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Town of Mount Pleasant ABC Board

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

B. Basis of Presentation

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

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

Fund Financial Statements- The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

B. Basis of Presentation - Fund Accounting-continued

The Town reports the following major governmental funds:

General Fund- The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

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

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements- The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

C. Measurement Focus and Basis of Accounting-continued

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for Special Revenue Funds and Capital Projects Funds. At June 30, 2015, the Town had no Special Revenue Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town and of the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Restricted Cash

Governmental Activities General Fund	Streets	\$85,889
Business –type Activities Water and Sewer Fund	Customer deposits	\$51,175

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, 2012. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventory

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

7. Capital Assets-continued

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

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2015 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 deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, the governmental fund type recognizes bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

10. Compensated Absences

The vacation policy of the Town provide for accumulation of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used within the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

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.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

11. Net Position/Fund Balances-continued

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

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

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

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

12. Pensions

For purposes of measuring the net pension asset, 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:

For the fiscal year ended June 30, 2015, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for public safety by \$139,474 and transfers by \$35,000. These over-expenditure occurred when the budget was not amended for the installment purchase of a fire truck that was authorized by the governing board and when funds were transferred to the capital reserve capital project fund. Management and the governing board will more closely review the budget reports to ensure compliance in future years.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no policy regarding custodial credit risk for deposits.

At June 30, 2015, the Town's deposits had a carrying amount of \$2,779,771 and a bank balance of \$2,799,484 of which \$301,990 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 \$48,866 and a bank balance of \$49,473 all of which was covered by federal depository insurance.

2. Investments

At June 30, 2015 the Town of Mount Pleasant had \$11,585 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

The ABC Board owned no investments at June 30, 2015.

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, 2015 is net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$20,389
Water and Sewer Fund	
Accounts receivable	29,916
Total	<u>\$50,305</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 218,401	\$ 19,441	\$ -	\$ 237,842
Construction in progress	109,101	-	109,101	-
Total capital assets not being depreciated	327,502	19,441	109,101	237,842
Capital assets being depreciated:				
Buildings	1,506,516	98,900	-	1,605,416
Equipment	387,043	23,214	-	410,257
Vehicles and motorized equipment	2,186,176	268,470	-	2,454,646
Infrastructure	261,157	-	-	261,157
Total capital assets being depreciated	4,340,892	390,584	-	4,731,476
Less accumulated depreciation for:				
Buildings	463,183	39,046	-	502,229
Equipment	342,894	19,899	-	362,793
Vehicles and motorized equipment	1,264,279	103,999	-	1,368,278
Infrastructure	49,872	8,706	-	58,578
Total accumulated depreciation	2,120,228	\$171,650	\$ -	2,291,878
Total capital assets being depreciated, net	2,220,664			2,439,598
Governmental activity capital assets, net	<u>\$2,548,166</u>			<u>\$2,677,440</u>

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

General government	\$ 20,711
Public safety	126,907
Public works	24,032
Total depreciation expense	<u>\$171,650</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

4. Capital Assets-continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Buildings	\$ 507,931	\$ -	\$ -	\$ 507,931
Equipment	37,283	23,215	-	60,498
Motor vehicles	10,000	-	-	10,000
Water system	2,179,429	-	-	2,179,429
Sewer system	2,387,901	20,856	-	2,408,757
Total capital assets being depreciated	5,122,544	44,071	-	5,166,615
Less accumulated depreciation for:				
Buildings	51,593	10,318	-	61,911
Equipment	17,184	5,663	-	22,847
Motor vehicles	10,000	-	-	10,000
Water system	805,955	43,589	-	849,544
Sewer system	550,665	48,140	-	598,805
Total accumulated depreciation	1,435,397	\$ 107,710	\$ -	1,543,107
Total capital assets being depreciated, net	3,687,147			3,623,508
Business-type activities capital assets, net	<u>\$3,687,147</u>			<u>\$3,623,508</u>

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and equipment	\$ 17,530	\$ -	\$ -	\$ 17,530
Leasehold improvements	16,201	-	-	16,201
Total capital assets being depreciated	33,731	-	-	33,731
Less accumulated depreciation for:				
Furniture and equipment	15,920	1,240	-	17,160
Leasehold improvements	16,201	-	-	16,201
Total accumulated depreciation	32,121	\$ 1,240	\$ -	33,361
ABC, capital assets, net	<u>\$ 1,610</u>			<u>\$ 370</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mount Pleasant and the ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mount Pleasant's contractually required contribution rate for the year ended June 30, 2015, was 7.07% of compensation for employees not in law enforcement and 13.21% for firefighters, and the ABC Boards contribution rate was 7.07% for general employees, both actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Mount Pleasant were \$24,671 and for the ABC Board \$4,195 for the year ended June 30, 2015.

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

a. Local Governmental Employees' Retirement System-continued

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

At June 30, 2015, the Town and the ABC Board reported assets of \$31,138 and \$6,871, respectively for their proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's and Board's proportion of the net pension asset 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, 2014, the Town's proportion was 0.00528%, which was a decrease of 0.00018% from its proportion measured as of June 30, 2013. At June 30, 2014, the ABC Board's proportion was 0.00116%, which was a decrease of 0.00006% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Town recognized pension expense of \$2,435. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,255
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	67,785
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	1,927
Town contributions subsequent to the measurement date	24,671	-
Total	<u>\$ 24,671</u>	<u>\$ 73,967</u>

The Town reported \$24,671 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 asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ (18,493)
2017	(18,493)
2018	(18,493)
2019	(18,488)
Total	<u>\$ (73,967)</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

a. Local Governmental Employees' Retirement System-continued

For the year ended June 30, 2015, the ABC Board recognized pension expense of \$465. At June 30, 2015, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 748
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	15,925
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	(144)
Board contributions subsequent to the measurement date	4,195	-
Total	<u>\$ 4,195</u>	<u>\$ 16,529</u>

The ABC Board reported \$4,195 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 4,133
2017	4,133
2018	4,133
2019	4,130
Total	<u>\$ 16,529</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2015

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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, 2015

a. Local Governmental Employees' Retirement System-continued

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 105,698	\$ (31,139)	\$ (146,350)

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	\$ 23,222	\$ (6,841)	\$ (32,153)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Contributions to pension plan in current fiscal year	<u>\$ 24,671</u>
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Deferred inflows of resources at year-end is comprised of the following:

Prepaid taxes (General Fund)	\$ -
Taxes receivable (General Fund)	25,224
Pension deferrals	<u>73,967</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

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, 2015. 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, 2015.

At June 30, 2015, the Town of Mount Pleasant had a legal debt margin of \$8,674,558.

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, 2015, including interest of \$87,494, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2016	\$ 73,094	\$ 17,499
2017	73,094	15,554
2018	73,094	13,610
2019	73,094	11,666
2020	73,094	9,722
2021-2025	292,377	19,443
	<u>\$657,847</u>	<u>\$87,494</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

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.

The future minimum payments of the installment purchase as of June 30, 2015, including interest of \$70,578, are as follows:

Year Ending June 30	Business-type activities Principal	Interest
2016	\$ 58,962	\$ 14,116
2017	58,962	12,547
2018	58,962	10,979
2019	58,962	9,410
2020	58,962	7,842
2021-2025	235,849	15,684
	<u>\$530,659</u>	<u>\$70,578</u>

d. Installment Purchase-Public Works Building

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

The future minimum payments of the installment purchase as of June 30, 2015, including interest of \$51,230, are as follows:

Year Ending June 30	Governmental activities Principal	Interest
2016	\$ 23,333	\$ 5,692
2017	23,333	5,023
2018	23,333	4,353
2019	23,333	3,683
2020	23,333	3,014
2021-2025	93,333	5,357
	<u>\$209,998</u>	<u>\$27,122</u>

Year Ending June 30	Business-type activities Principal	Interest
2016	\$ 23,333	\$ 5,357
2017	23,333	4,688
2018	23,333	4,018
2019	23,333	3,348
2020	23,333	2,679
2021-2025	69,999	4,018
	<u>\$186,664</u>	<u>\$24,108</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

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, 2015, including interest of \$34,038, are as follows:

Year Ending June 30	Governmental activities Principal	Interest
2016	\$ 24,176	\$ 6,645
2017	24,847	5,973
2018	25,538	5,283
2019	26,247	4,573
2020	26,976	3,844
2021-2025	122,870	7,720
	<u>\$250,654</u>	<u>\$34,038</u>

f. Changes in Long-Term Liabilities

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 342,435	\$159,369	\$ 41,150	\$ 460,654	\$47,509
Net pension liability (LGERS)	38,279	-	38,279	-	-
Compensated absences	17,642	-	700	16,942	-
Governmental activities long-term liabilities	<u>398,356</u>	<u>159,369</u>	<u>80,129</u>	<u>477,596</u>	<u>47,509</u>
Business type activities:					
Water and Sewer Fund					
Net pension liability (LGERS)	23,196	-	23,196	-	-
Installment purchases	1,530,565	-	155,390	1,375,175	155,390
Water and Sewer Fund long-term liabilities	<u>\$1,553,761</u>	<u>\$ -</u>	<u>\$178,586</u>	<u>\$1,375,175</u>	<u>\$155,390</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2015 consist of the following:

Due to/from other funds:

Due to General Fund from the Water and Sewer Fund \$13,915

Interfund account balances arise from allocation of payroll transactions and transfers from capital projects funds to the General Fund for the Water and Sewer Fund. These temporary balances are repaid during the ordinary course of business during the subsequent year.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

D. Fund Balance

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

Total fund balance-General Fund	\$1,446,880
Less:	
Inventories	-
Stabilization by State Statute	119,098
Streets-Powell Bill	85,889
Appropriated Fund Balance in 2015 budget	28,000
Working Capital/Fund Balance Policy	649,942
Remaining Fund Balance	563,951

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, 2015, the Town did not report any revenues and expenditures for these payments because no benefit payments were made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2015. 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 Post Office Box 188, Farmville, North Carolina 27828.

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.

VI. Subsequent Events

Town administrative staff has evaluated subsequent events through December 2, 2015, the date the financial statements were available to be issued. The ABC Board management has evaluated subsequent events through September 28, 2015, the date the financial statements were available to be issued.

VII. Change in Accounting Principles/Restatement

The Town and the ABC Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the Town during the measurement period (fiscal year ending June 30, 2014). As a result, for the Town, net position for the governmental and business-type activities decreased by \$25,153 and \$15,241, respectively, and for the ABC Board, net position decreased by \$9,223.

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

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Mount Pleasant's proportion of the net pension liability (asset) (%)	(0.00528%)	0.00510%
Mount Pleasant's proportion of the net pension liability (asset) (\$)	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 312,741	\$ 298,171
Mount Pleasant's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9.96%)	20.62%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

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

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	<u>24,671</u>	<u>21,081</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Mount Pleasant's covered-employee payroll	\$ 312,741	\$ 298,171
Contributions as a percentage of covered- employee payroll	7.89%	7.07%

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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes			
Taxes	\$ 651,358	\$ 651,073	\$ (285)
Penalties and interest	3,000	5,217	2,217
Total	654,358	656,290	1,932
Unrestricted intergovernmental			
Local option sales tax	187,680	214,908	27,228
Utility sales tax	53,000	78,574	25,574
Telecommunications sales tax	25,920	21,052	(4,868)
Local video program tax	20,790	19,613	(1,177)
Beer and wine taxes	6,613	8,127	1,514
Total	294,003	342,274	48,271
Sales, permits, and fees			
Solid waste fees	-	3,390	3,390
Recycling fees	14,000	14,120	120
Permits and fees	1,000	2,315	1,315
Total	15,000	19,825	4,825
Restricted intergovernmental-grants			
Solid waste disposal tax	1,100	1,100	-
FEMA grant	-	12,382	12,382
Powell Bill allocation	48,000	49,566	1,566
Total	49,100	63,048	13,948
Restricted intergovernmental-public safety			
NC Fire Protection grant	-	1,544	1,544
Cabarrus Co. staffing grant	-	6,680	6,680
Cabarrus Co. EMS grant	-	1,000	1,000
Contract fire-Cabarrus Co.	304,571	325,149	20,578
Contract fire-Cabarrus Co tax distribution	54,292	70,723	16,431
Total	358,863	405,096	46,233
Investment earnings	-	18	18

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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Other revenues			
Rent and other	21,600	19,800	(1,800)
Private contributions	300	6,389	6,089
Miscellaneous	3,000	20,053	17,053
Total	24,900	46,242	21,342
Total revenues	1,396,224	1,532,793	136,569
Expenditures			
General government			
Town Hall			
Contracted services	37,350	24,297	13,053
Utilities	22,000	16,038	5,962
Maintenance and repairs-building	3,000	3,805	(805)
Insurance-property and casualty	31,000	31,929	(929)
Telephone	8,700	6,813	1,887
Cleaning supplies	1,000	186	814
Capital outlay building	2,500	-	2,500
Total	105,550	83,068	22,482
Governing body			
Mayor-stipend	7,200	7,200	-
Board member stipend	15,000	15,600	(600)
Social security	1,705	1,744	(39)
Election fee	-	-	-
Cabarrus Economic Development	2,000	1,500	500
Cabarrus Rowan MPO	500	286	214
Centralina Council of Governments	750	750	-
Total	27,155	27,080	75

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Administration and Finance			
Salaries and wages	57,504	61,140	(3,636)
Health insurance	9,639	9,048	591
Social security	3,634	5,580	(1,946)
Employee benefits-retirement	3,373	4,615	(1,242)
Dues and subscriptions	3,100	4,831	(1,731)
Education and travel	2,000	1,136	864
Insurance-workman's comp	2,100	2,100	-
Attorney fees	20,000	7,060	12,940
Auditor fees	16,000	16,500	(500)
Tax collection expense	14,958	6,781	8,177
Contracted services	26,500	28,162	(1,662)
Communications-mobile	3,000	3,538	(538)
Advertising	1,500	1,002	498
Office supplies and postage	7,000	2,784	4,216
Computers and software	5,000	7,075	(2,075)
Miscellaneous	6,623	17,318	(10,695)
Total	<u>181,931</u>	<u>178,670</u>	<u>3,261</u>
Planning and development			
Salaries and wages	6,096	6,298	(202)
Planning board stipend	7,200	6,000	1,200
Health insurance	1,435	1,270	165
Social security	1,002	938	64
Employee benefits-retirement	433	474	(41)
Education and travel	150	140	10
Contracted services-planning	27,000	25,003	1,997
Advertising	1,500	1,262	238
Department supplies and postage	200	182	18
Total	<u>45,016</u>	<u>41,567</u>	<u>3,449</u>
Total general government	<u>359,652</u>	<u>330,385</u>	<u>29,267</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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public safety			
Law enforcement			
Contract services-Cabarrus County	125,132	162,315	(37,183)
Contract services	3,000	-	3,000
Maintenance and repair -vehicles and equipment	5,000	2,398	2,602
Departmental supplies and postage	1,000	141	859
Fuel	14,000	6,324	7,676
Capital outlay-vehicles and equipment	15,000	-	15,000
Total	<u>163,132</u>	<u>171,178</u>	<u>(8,046)</u>
Fire department			
Salaries and wages	271,000	274,487	(3,487)
Pay per call	6,000	3,350	2,650
Health insurance	923	800	123
Social security	21,000	21,569	(569)
Employee benefits-retirement	10,500	5,509	4,991
Employee benefits-pension	2,500	2,160	340
Dues and subscriptions	1,500	2,959	(1,459)
Education and travel	5,500	232	5,268
Firemen's physicals	4,500	1,300	3,200
Insurance-workman's comp	14,000	17,685	(3,685)
Auditing services	2,100	-	2,100
Contracted services	1,500	519	981
Utilities	13,000	11,478	1,522
Maintenance and repairs-building	10,000	881	9,119
Maintenance and repairs-vehicles and equipment	32,500	38,202	(5,702)
Insurance-property and casualty	13,000	13,454	(454)
Telephone	3,500	2,690	810
Communications-mobile	3,000	4,369	(1,369)
Departmental supplies and materials	3,500	2,328	1,172
Office supplies	2,500	2,717	(217)
Fire and rescue supplies	15,000	12,183	2,817
Uniforms	2,500	3,056	(556)
EMS supplies	4,000	6,702	(2,702)
Computers and software	1,500	20	1,480
Personal protective gear	12,000	10,872	1,128
Fuel	16,000	13,690	2,310
Capital outlay-building	125,540	119,941	5,599
Capital outlay-vehicles & equipment	4,000	160,273	(156,273)
Miscellaneous	1,000	1,565	(565)
Total	<u>603,563</u>	<u>734,991</u>	<u>(131,428)</u>
Total public safety	<u>766,695</u>	<u>906,169</u>	<u>(139,474)</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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Public works			
Public works facilities general			
Contracted services	850	1,101	(251)
Utilities	28,000	28,809	(809)
Maintenance and repairs-building	500	147	353
Insurance property and casualty	2,400	2,400	-
Telephone	950	1,104	(154)
Department supplies & postage	100	124	(24)
Total	32,800	33,685	(885)
Streets			
Salaries	8,458	6,197	2,261
Health insurance	1,844	1,660	184
Social security	647	473	174
Employee benefits-retirement	601	468	133
Education and travel	200	69	131
Insurance-workman's comp	2,100	2,100	-
Snow and ice removal	1,500	10	1,490
Maintenance and repairs-vehicles and equipment	6,400	9,282	(2,882)
Maintenance and repairs-sidewalks	20,280	6,656	13,624
Maintenance and repairs-streets	55,874	51,101	4,773
Departmental supplies and materials	6,000	4,522	1,478
Fuel	9,700	9,017	683
Capital outlay-vehicles & equipment	24,000	23,215	785
Total	137,604	114,770	22,834
Sanitation			
Salaries and wages	36,200	31,675	4,525
Salaries and wages-part time	17,056	12,679	4,377
Health insurance	7,900	7,508	392
Social security	4,075	3,380	695
Employee benefits-retirement	2,571	2,389	182
Insurance-workman's comp	4,100	2,100	2,000
Contract services-recycling	15,500	16,662	(1,162)
Contract services	2,500	1,575	925
Landfill fees	31,000	29,242	1,758
Maintenance and repairs-vehicles and equipment	8,500	13,040	(4,540)
Departmental supplies and postage	1,500	3,548	(2,048)
Fuel	7,000	4,117	2,883
Capital outlay-vehicles & equipment	20,000	-	20,000
Total	157,902	127,915	29,987

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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Buildings and grounds			
Salaries	27,234	25,300	1,934
Health insurance	5,944	5,442	502
Social security	2,084	1,938	146
Employee benefits-retirement	1,933	1,908	25
Insurance-workman's comp	750	750	-
Maintenance and repairs-vehicles and equipment	100	80	20
Departmental supplies and postage	1,500	1,392	108
Fuel	150	-	150
Total	39,695	36,810	2,885
Total public works	368,001	313,180	54,821
Cultural and recreational			
Park maintenance	5,000	26	4,974
Senior games	100	-	100
Mt Pleasant beautification	100	-	100
CVAN-Battered Shelter	750	750	-
Cabarrus Arts Council	850	850	-
Eastern Cabarrus Historical Society	500	500	-
Cabarrus Health Alliance	500	1,590	(1,090)
Independence day celebration	14,000	14,413	(413)
Christmas parade	700	159	541
Charitable contribution	4,500	-	4,500
Total cultural and recreational	27,000	18,288	8,712
Debt service			
Principal	48,240	40,684	7,556
Interest	13,489	12,127	1,362
Total debt service	61,729	52,811	8,918
Total expenditures	1,583,077	1,620,833	(37,756)
Revenues over (under) expenditures	(186,853)	(88,040)	98,813

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other financing sources (uses)			
Transfer to capital reserve-general fund	-	(35,000)	(35,000)
Installment loan obligation issued	-	159,369	159,369
Total	-	124,369	124,369
Fund balance appropriated	186,853	-	(186,853)
Net change in fund balance	<u>\$ -</u>	36,329	<u>\$ 36,329</u>
Fund balances			
Fund balances, beginning		<u>1,410,551</u>	
Fund balances, ending		<u>\$ 1,446,880</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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services			
Water and sewer charges	\$ 896,000	\$ 900,585	\$ 4,585
Water and sewer taps	10,000	14,268	4,268
Other operating revenues	13,600	18,192	4,592
Total operating revenues	919,600	933,045	13,445
Nonoperating revenues			
Investment earnings	-	24	24
Total nonoperating revenues	-	24	24
Total revenues	919,600	933,069	13,469
Expenditures			
Billing and water sewer administration			
Salaries and wages	39,000	29,647	9,353
Salaries and wages-part time	8,528	12,443	(3,915)
Health insurance	6,460	5,824	636
Social security	3,253	4,015	(762)
Employee benefits-retirement	2,415	2,209	206
Dues and subscriptions	1,000	1,064	(64)
Insurance-workman's comp	6,800	6,800	-
Contracted services-engineer	10,000	5,822	4,178
Contracted services-administration	13,000	11,494	1,506
Equipment lease	2,200	968	1,232
Transaction processing fees	2,000	5,238	(3,238)
Communications-mobile	3,000	1,253	1,747
Office supplies and postage	8,500	9,267	(767)
Deposit refunds	2,400	1,192	1,208
Uniforms	2,800	3,580	(780)
Bad debt provision	3,000	6,291	(3,291)
Total billing and administrative	114,356	107,107	7,249
Public Works Facility-Water and Sewer			
Contracted services	500	-	500
Utilities	12,000	8,718	3,282
Maintenance and repairs-building	500	-	500
Insurance-property and casualty	2,400	872	1,528
Telephone	2,800	3,854	(1,054)
Total public works facility	18,200	13,444	4,756

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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Water distribution			
Salaries and wages	48,378	47,089	1,289
Health insurance	10,556	9,545	1,011
Social security	3,701	3,578	123
Employee benefits-retirement	3,435	3,549	(114)
Education and travel	500	35	465
Contracted services	10,000	4,125	5,875
Water purchase	209,000	201,264	7,736
Maintenance and repairs-vehicles and equip.	2,000	748	1,252
Maintenance and repairs-water lines	15,000	14,420	580
Maintenance and repairs-meters	10,000	194	9,806
Departmental supplies	10,000	13,717	(3,717)
Fuel	2,300	-	2,300
Capital outlay-infrastructure	33,360	20,856	12,504
Capital outlay-vehicles and equipment	12,000	11,607	393
Miscellaneous	2,000	1,222	778
Total water distribution	372,230	331,949	40,281
Sewer collection			
Salaries and wages	48,886	47,120	1,766
Health insurance	10,668	9,588	1,080
Social security	3,741	3,589	152
Employee benefits-retirement	3,472	3,551	(79)
Education and travel	500	-	500
Sewage treatment	148,304	202,177	(53,873)
Maintenance and repairs-vehicles and equip.	2,000	146	1,854
Maintenance and repairs-sewer lines	9,400	8,341	1,059
Maintenance and repairs-pump station	10,000	8,547	1,453
Departmental supplies	5,000	3,746	1,254
Fuel	1,200	-	1,200
Capital outlay-vehicles and equipment	12,000	11,607	393
Miscellaneous	1,000	51	949
Total sewer collection	256,171	298,463	(42,292)

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, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Debt service			
Interest	46,884	41,154	5,730
Principal retirement	156,619	155,390	1,229
Total debt service	203,503	196,544	6,959
Total expenditures	964,460	947,507	16,953
Revenues over (under) expenditures	(44,860)	(14,438)	30,422
Other financing sources (uses):			
Fund balance appropriated	44,860	-	(44,860)
Total	44,860	-	(44,860)
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>(14,438)</u>	<u>\$ (14,438)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Reconciling items			
Decrease in accrued interest		762	
Principal retirement		155,390	
Capital outlay		44,071	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		9,309	
Pension expense		(919)	
Depreciation		(107,710)	
Total reconciling items		100,903	
Change in net position		<u>\$ 86,465</u>	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 CAPITAL PROJECT-CAPITAL RESERVE FUND - GENERAL FUND
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Other financing sources (uses)					
Transfer from General Fund	100,000	20,000	35,000	55,000	(45,000)
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer to General Fund	(100,000)	-	-	-	100,000
Total other financing sources (uses)	-	20,000	35,000	55,000	55,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 20,000	\$ 35,000	\$ 55,000	\$ 55,000

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 CAPITAL PROJECT-CAPITAL RESERVE FUND - WATER SEWER FUND
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2015

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Other financing sources (uses)					
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer from General Fund	200,000	10,000		10,000	(190,000)
Transfer to Water Sewer Fund	(200,000)	-	-	-	200,000
Total other financing sources (uses)	-	10,000	-	10,000	10,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ 10,000

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2015

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015		\$ 665,517	\$ 631,860	\$ 33,657
2013-2014	\$ 18,149	-	13,636	4,513
2012-2013	5,695	-	3,167	2,528
2011-2012	3,039	-	1,238	1,801
2010-2011	1,771	-	859	912
2009-2010	1,377	-	886	491
2008-2009	497	-	-	497
2007-2008	647	-	143	504
2006-2007	352	-	-	352
2005-2006	179	-	-	179
2004-2005	340	-	340	-
	<u>\$ 32,046</u>	<u>\$ 665,517</u>	<u>\$ 652,129</u>	45,434
Plus uncollected 2015- 2016 ad valorem taxes receivable				179
Less allowance for uncollectible accounts:				
General Fund				<u>20,389</u>
Ad valorem taxes receivable-net				<u>25,224</u>
Reconcilement with revenues:				
Ad valorem taxes - General Fund				656,290
Reconciling items				
Interest collected				(5,217)
Prior year abatements				716
Taxes written off				<u>340</u>
Total collections and credits				<u>\$ 652,129</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2015

	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	\$ 131,610,492	\$.505	\$ 664,776	\$ 599,844	\$ 64,932
Property taxed at prior year's rate	8,890	0.44	45	-	45
Penalties	-		293	293	-
Total	<u>131,619,382</u>		<u>665,114</u>	<u>600,137</u>	<u>64,977</u>
Discoveries:					
Current year taxes	3,088	.505	16	16	-
Prior year taxes	-		481	481	-
Penalties	-		148	148	-
Total	<u>3,088</u>		<u>645</u>	<u>645</u>	<u>-</u>
Abatements	<u>(45,700)</u>		<u>(242)</u>	<u>(122)</u>	<u>(120)</u>
Total property valuation	<u>\$ 131,576,770</u>				
Net levy			665,517	600,660	64,857
Uncollected taxes at June 30, 2015			<u>(33,657)</u>	<u>(33,657)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 631,860</u>	<u>\$ 567,003</u>	<u>\$ 64,857</u>
Current levy collection percentage			<u>94.94%</u>	<u>94.40%</u>	<u>100.00%</u>