

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

**For the Fiscal Year Ended  
June 30, 2016**

Town Board of Commissioners:

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

Administrative and Financial Staff:

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

**SHERILL & SMITH**

Certified Public Accountants  
A Professional Association  
Salisbury, North Carolina



TOWN OF MOUNT PLEASANT  
NORTH CAROLINA  
TABLE OF CONTENTS  
June 30, 2016

<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION:	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 -14
Basic Financial Statements:	
Government-wide Financial Statements:	
1 Statement of Net Position	15
2 Statement of Activities	16
Fund Financial Statements:	
3 Balance Sheet-Governmental Funds	17 - 18
4 Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	19 - 20
5 Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund	21
6 Statement of Net Position – Proprietary Funds	22
7 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	23
8 Statement of Cash Flows – Proprietary Funds	24
Notes to the Financial Statements	25 - 43
Required Supplemental Financial Data:	
Schedule of the Proportionate Share of the Net Pension Asset- Local Government Employees' Retirement System	44
Schedule of Contributions- Local Government Employees' Retirement System	45
Individual Fund Statements and Schedules:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	46 - 52
Statement of Revenues and Expenditures – Budget and Actual (NON-GAAP): Water and Sewer Fund	53 - 55
Statement of Revenues and Expenditures – Budget and Actual (NON-GAAP): Capital Reserve Fund - General Fund	56
Capital Reserve Fund - Water Sewer Fund	57
Capital Project Fund-Fire Department Facility-General Fund	58
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	59
Analysis of Current Tax Levy – Town-Wide Levy	60

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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, 2016, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Town of Mount Pleasant ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Mount Pleasant ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Mount Pleasant, North Carolina as of June 30, 2016, 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, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary and Other Information**

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

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

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

Sherrill G Smith, CPAs, PA  
Salisbury, North Carolina  
January 17, 2017

## 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, 2016. 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

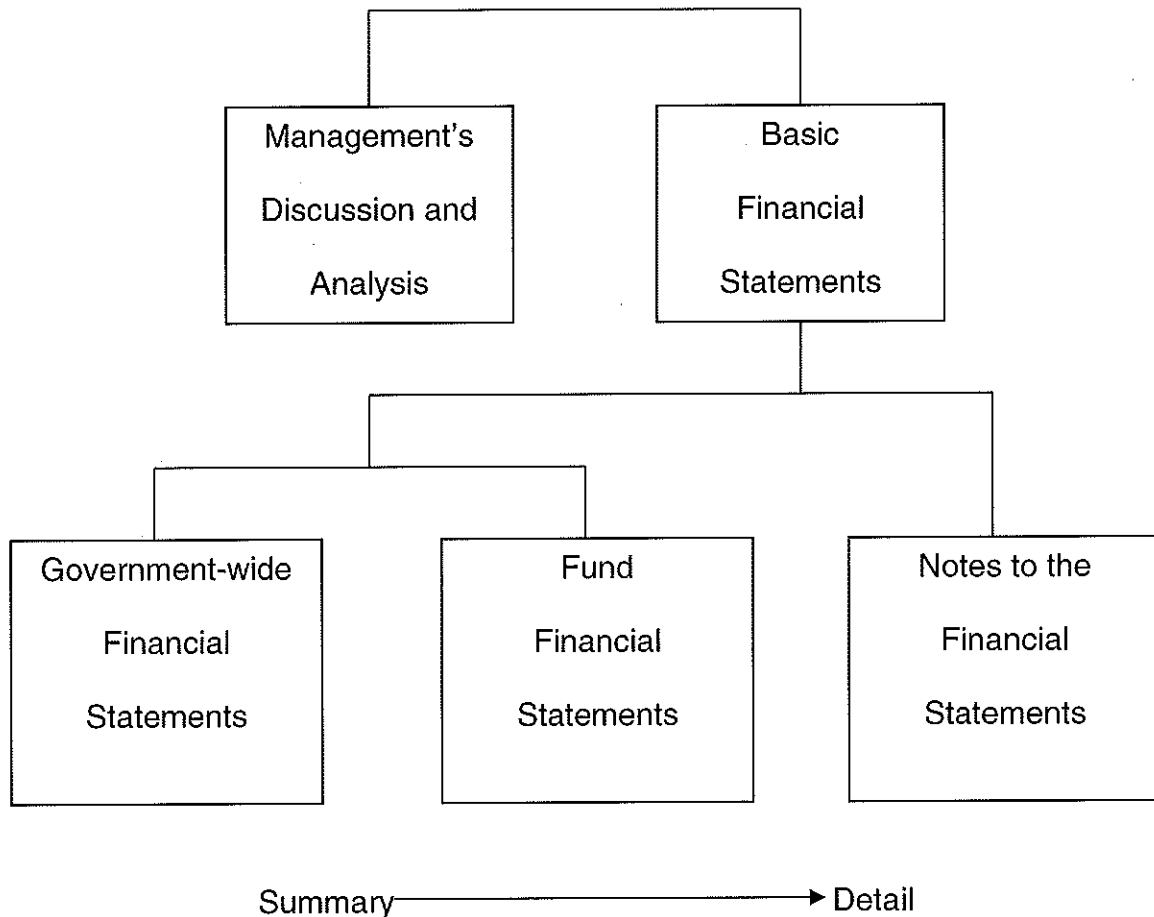
- The assets and deferred outflows of resources of the Town of Mount Pleasant *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,566,481 (***net position***).
- The government's total net position *increased* by \$301,893, due to diligent cost savings 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 \$1,841,238 an *increase* of \$339,358 in comparison with the prior year. Approximately 77% of this total amount, or \$1,419,118, 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 \$1,419,118 or 102 % of total general fund expenditures for the fiscal year.
- The Town of Mount Pleasant's total debt *decreased* by \$202,898 (9%) 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**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 1,909,313	\$ 1,597,817	\$ 1,344,208	\$ 1,458,644	\$ 3,253,521	\$ 3,056,461
Capital assets	2,779,633	2,677,440	3,580,036	3,623,508	6,359,669	6,300,948
Deferred outflow s of resources	8,793	15,362	10,135	9,309	18,928	24,671
Non-current assets	-	19,389	-	11,749	-	31,138
Total assets and deferred outflow s of resources	4,697,739	4,310,008	4,934,379	5,103,210	9,632,118	9,413,218
Long-term liabilities outstanding	383,993	430,087	1,064,396	1,219,786	1,448,389	1,649,873
Non-current liabilities	6,672	-	7,689	-	14,361	-
Other liabilities	91,105	114,466	497,868	310,324	588,973	424,790
Deferred inflow s of resources	6,464	46,058	7,450	27,909	13,914	73,967
Total liabilities and deferred inflow s of resources	488,234	590,611	1,577,403	1,558,019	2,065,637	2,148,630
Net position:						
Net investment in capital assets	2,366,486	2,217,486	2,360,252	2,248,332	4,726,738	4,465,818
Restricted	332,120	259,987	22,600	22,600	354,720	282,587
Unrestricted	1,510,899	1,241,924	974,124	1,274,259	2,485,023	2,516,183
Total net position	\$ 4,209,505	\$ 3,719,397	\$ 3,356,976	\$ 3,545,191	\$ 7,566,481	\$ 7,264,588

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 \$7,566,481 as of June 30, 2016. The Town of Mount Pleasant net position *increased* by \$301,893 for the fiscal year ended June 30, 2016. However, the largest portion (62%) 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, \$354,720 (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,485,023 (33%) is unrestricted.

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.

Management Discussion and Analysis  
Town of Mount Pleasant

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

	Governmental Activities 2016	Governmental Activities 2015	Business Type Activities 2016	Business Type Activities 2015	Total 2016	Total 2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 24,172	\$ 19,825	\$ 999,973	\$ 933,045	\$ 1,024,145	\$ 952,870
Operating grants and contributions	549,628	468,144	-	-	549,628	468,144
General revenues:						
Property taxes	701,700	668,028	-	-	701,700	668,028
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	350,430	342,274	-	-	350,430	342,274
Other	269,472	46,256	161	24	269,633	46,280
Total revenues	1,895,402	1,544,527	1,000,134	933,069	2,895,536	2,477,596
<b>Expenses:</b>						
General government	347,359	345,811	-	-	347,359	345,811
Public safety	725,156	750,396	-	-	725,156	750,396
Public works	312,842	309,704	-	-	312,842	309,704
Culture and recreational	29,828	18,288	-	-	29,828	18,288
Interest on long-term debt	12,537	11,222	-	-	12,537	11,222
Water and sewer	-	-	1,165,921	846,604	1,165,921	846,604
Total expenses	1,427,722	1,435,421	1,165,921	846,604	2,593,643	2,282,025
Increase in net position before transfers	467,680	109,106	(165,787)	86,465	301,893	195,571
Transfers	22,428	-	(22,428)	-	-	-
Increase in net position	490,108	109,106	(188,215)	86,465	301,893	195,571
Net position, July 1, previously reported	3,719,397	3,635,444	3,545,191	3,473,967	7,264,588	7,109,411
Reinstatement		(25,153)	-	(15,241)	-	(40,394)
Net position, beginning, restated	3,719,397	3,610,291	3,545,191	3,458,726	7,264,588	7,069,017
Net position, June 30	\$ 4,209,505	\$ 3,719,397	\$ 3,356,976	\$ 3,545,191	\$ 7,566,481	\$ 7,264,588

## Management Discussion and Analysis

### Town of Mount Pleasant

**Governmental activities.** Governmental activities *increased* the Town of Mount Pleasant's net position by \$490,108. Key elements of this increase are as follows:

- Expenditures were less than those budgeted.

**Business-type activities:** Business-type activities *decreased* the Town of Mount Pleasant's net position by \$188,215. Key elements of this decrease are as follows:

- Expenditures in the Water and Sewer Fund exceeded the budgeted amount based on an expenditure that occurred due to a settlement of expense for and ongoing dispute with the operations and ownership on the water treatment facilities.
- The expenditure occurred and was recorded after fiscal year's end and the Town Administration and Town board could not amend the budget after the fiscal year had ended.
- The event has now been settled and should not occur again based on the ownership and operation of the water treatment facilities transferring over to the Town.

### 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 \$1,419,118, while total fund balance reached \$1,729,294. 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 102% of general fund expenditures, while total fund balance represents 124% of total General Fund expenditures.

## Management Discussion and Analysis

### Town of Mount Pleasant

At June 30, 2016, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$1,841,238, a net increase in fund balance of \$339,358. Included in this change in fund balance are increases in fund balance in the General Fund and a decrease of \$28,489 in the Capital Reserve Funds.

**General Fund Budgetary Highlights:** During the fiscal year, the Town of Mount Pleasant revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

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

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer District at the end of the fiscal year amounted to \$974,124. The total decrease in net assets for the fund was \$188,215.

### 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, 2016, totals \$6,359,669 (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:

- Started a capital project to renovate and expand the Fire Department building to provide for more efficient utilization of the Town's resources and enhanced fire protection.

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

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

**Figure 3**

(net of depreciation)

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2016	2015	2016	2015	2016	2015
Land	\$ 431,202	\$ 237,842	\$ -	\$ -	\$ 431,202	\$ 237,842
Construction in progress	-	-	-	-	-	-
Buildings and systems	1,070,890	1,103,187	3,519,504	3,585,857	4,590,394	4,689,044
Machinery and equipment	40,346	47,464	34,452	37,651	74,798	85,115
Infrastructure	193,874	202,579	-	-	193,874	202,579
Vehicles and motorized equipment	1,043,321	1,086,368	26,080	-	1,069,401	1,086,368
<b>Total</b>	<b>\$ 2,779,633</b>	<b>\$ 2,677,440</b>	<b>\$ 3,580,036</b>	<b>\$ 3,623,508</b>	<b>\$ 6,359,669</b>	<b>\$ 6,300,948</b>

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, 2016, the Town of Mount Pleasant had total debt outstanding of \$1,632,932. 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	
	2016	2015	2016	2015	2016	2015
Installment Purchases	\$ 413,146	\$ 460,654	\$ 1,219,786	\$ 1,375,175	\$ 1,632,932	\$ 1,835,829
General Obligations	-	-	-	-	-	-
Net Pension Liability	6,672	-	7,689	-	14,361	-
<b>Total</b>	<b>\$ 419,818</b>	<b>\$ 460,654</b>	<b>\$ 1,227,475</b>	<b>\$ 1,375,175</b>	<b>\$ 1,647,293</b>	<b>\$ 1,835,829</b>

The Town of Mount Pleasant's total debt *decreased* by \$188,536 (10%) 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, 2016, the legal debt margin for Town of Mount Pleasant is \$9,350,066.

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 continues at a slow pace, however, a new 64 unit apartment complex is under construction and will be complete by late 2016 or early 2017. The estimated value of the project is \$4,500,000. This project will increase the total property value in the Town and increase the water and sewer usage.
- The town's once vibrant textile industry has diminished significantly, however all but one of the vacant textile facilities are being utilized for various business functions. The one remaining empty textile facility is

## Management Discussion and Analysis

### Town of Mount Pleasant

currently being considered for a \$1,500,000 up fit project for an upscale restaurant.

- The town is seeking an increase in housing opportunities for young professionals.
- The Town is working with a development group that desires to invest millions of dollars in new development as well as renovations to existing facilities.
- The Town worked with a developer to purchase and renovate the old Cabarrus Correctional Facility on Dutch Road that will become a distillery in the fall of 2016. This property has been annexed into the Town limits and will provide an increase in tax value and will become a significant water and sewer user.
- The town's educational attainment recorded in the 2010 census is below the national average.
- Unemployment rates continue to show improvement in Cabarrus County. The unemployment rate for 2016 is 4.4%. (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 significant increase in the number of building permits, re-zoning request and development interest.

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

- 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. A sewer study is now complete to provide data on the sewer needs of this corridor.
- The Town and Rural Fire District are scheduled for a fire rating review in June 2017. This review should result in a lower insurance rating for both the Town and Rural Fire District. This lower fire insurance rating will provide up to a 24% reduction in annual fire insurance premiums.

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 is aware of these issues and is moving forward to develop long term strategic goals and objectives to assure the long term financial stability of the community. The Town has budgeted funding to start a comprehensive planning process in early 2017. This will be the first comprehensive plan in the Town's history.



## Management Discussion and Analysis Town of Mount Pleasant

### Budget Highlights for the Fiscal Year Ending June 30, 2017

**Governmental Activities:** Revenues for 2017 are estimated to remain relatively unchanged with a slow to moderate increase in as-valorem taxes. State collected local revenues are expected to improve slightly from 2016.

**Business – type Activities:** Revenues from business type activities are also budgeted conservatively and estimated to also be relatively unchanged, with slow to moderate growth projected.

### 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, 2016

Exhibit 1

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,662,440	\$ 1,171,468	\$ 2,833,908	\$ 70,830
Taxes receivables (net)	22,112	-	22,112	-
Accrued interest receivable on taxes	4,584	-	4,584	-
Accounts receivable	2,547	128,535	131,082	-
Internal balances	8,920	(8,920)	-	-
Due from other governments	101,754	-	101,754	-
Inventories	-	-	-	76,547
Prepaid items	-	-	-	7,661
Restricted cash	106,956	53,125	160,081	-
<b>Total current assets</b>	<b>1,909,313</b>	<b>1,344,208</b>	<b>3,253,521</b>	<b>155,038</b>
<b>Non-current assets</b>				
<b>Capital assets</b>				
Land & non-depreciable improvements	431,202	-	431,202	-
Other capital assets net of depreciation	2,348,431	3,580,036	5,928,467	8,442
<b>Total capital assets</b>	<b>2,779,633</b>	<b>3,580,036</b>	<b>6,359,669</b>	<b>8,442</b>
<b>Total assets</b>	<b>4,688,946</b>	<b>4,924,244</b>	<b>9,613,190</b>	<b>163,480</b>
<b>Deferred outflows of resources</b>				
Pension deferrals	8,793	10,135	18,928	4,337
<b>Total deferred outflows of resources</b>	<b>8,793</b>	<b>10,135</b>	<b>18,928</b>	<b>4,337</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable & accrued liabilities	35,008	283,441	318,449	33,421
Advances from grantors	6,269	-	6,269	-
Accrued interest payable	1,545	5,912	7,457	-
Prepaid taxes	102	-	102	-
Customer deposits	-	53,125	53,125	-
Due to other governments	-	-	-	16,410
Current portion of long-term liabilities	48,181	155,390	203,571	-
<b>Total current liabilities</b>	<b>91,105</b>	<b>497,868</b>	<b>588,973</b>	<b>49,831</b>
<b>Long-term liabilities:</b>				
Net pension liability	6,672	7,689	14,361	-
Due in more than one year	383,993	1,064,396	1,448,389	-
<b>Total liabilities</b>	<b>481,770</b>	<b>1,569,953</b>	<b>2,051,723</b>	<b>49,831</b>
<b>Deferred inflows of resources</b>				
Pension deferrals	6,464	7,450	13,914	3,190
<b>Total deferred inflows of resources</b>	<b>6,464</b>	<b>7,450</b>	<b>13,914</b>	<b>3,190</b>
<b>Net position</b>				
Net investment in capital assets	2,366,486	2,360,252	4,726,738	8,442
<b>Restricted for:</b>				
Capital projects	111,944	22,600	134,544	-
Stabilization by State Statute	113,220	-	113,220	-
Other functions	106,956	-	106,956	20,373
Unrestricted	1,510,899	974,124	2,485,023	80,910
<b>Total net position</b>	<b>\$ 4,209,505</b>	<b>\$ 3,356,976</b>	<b>\$ 7,566,481</b>	<b>\$ 109,725</b>

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016

Exhibit 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Town of Mount Pleasant ABC Board	
					Governmental Activities	Business-type Activities		Total
Primary government:								
General government	\$ 347,359	\$ -	\$ -	\$ -	\$ (347,359)	\$ -	\$ -	
Public safety	725,156	-	498,701	-	(226,455)	-	(226,455)	
Public works	312,842	24,172	50,927	-	(237,743)	-	(237,743)	
Cultural and recreational	29,828	-	-	-	(29,828)	-	(29,828)	
Interest on long-term debt	12,537	-	-	-	(12,537)	-	(12,537)	
Total governmental activities	1,427,722	24,172	549,628	-	(853,922)	-	(853,922)	
Business-type activities								
Water and sewer	1,165,921	999,973	-	-	-	(165,948)	(165,948)	
Total business-type activities	1,165,921	999,973	-	-	-	(165,948)	(165,948)	
Total primary government	2,593,643	1,024,145	549,628	-	(853,922)	(165,948)	(1,019,870)	
Component unit								
ABC Board	669,440	683,121	-	-	-	-	-	13,681
Total component unit	\$ 669,440	\$ 683,121	\$ -	\$ -	-	-	-	13,681
General Revenues:								
Taxes:								
Property taxes, levied for general purposes								
Grants and contributions not restricted to specific programs								
Unrestricted investment earnings								
Miscellaneous								
Gain on insurance recovery								
Total general revenues not including transfers								
Transfers								
Total general revenues								
Changes in net position								
Net position, beginning								
Net position, ending								

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

Exhibit 3

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,550,496	\$ 26,511	\$ 85,433	\$ 1,662,440
Restricted cash	106,956	-	-	106,956
Receivables (net)				
Property taxes	22,112	-	-	22,112
Accounts	2,547	-	-	2,547
Due from other funds	8,920	-	-	8,920
Due from other government	101,754	-	-	101,754
<b>Total assets</b>	<b>1,792,785</b>	<b>26,511</b>	<b>85,433</b>	<b>1,904,729</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	31,782	-	-	31,782
Advances from grantors	6,269	-	-	6,269
Law enforcement distribution refundable	3,226	-	-	3,226
<b>Total liabilities</b>	<b>41,277</b>	<b>-</b>	<b>-</b>	<b>41,277</b>
<b>Deferred inflows of resources</b>				
Property taxes receivable	22,112	-	-	22,112
Prepaid taxes	102	-	-	102
<b>Total deferred inflows of resources</b>	<b>22,214</b>	<b>-</b>	<b>-</b>	<b>22,214</b>
<b>Fund balances</b>				
<b>Restricted</b>				
Stabilization by State statute	113,220	-	-	113,220
Streets	106,956	-	-	106,956
Capital reserve	-	26,511	-	26,511
Capital project	-	-	85,433	85,433
<b>Assigned</b>				
Subsequent year's expenditures	90,000	-	-	90,000
<b>Unassigned</b>	<b>1,419,118</b>	<b>-</b>	<b>-</b>	<b>1,419,118</b>
<b>Total fund balances</b>	<b>1,729,294</b>	<b>26,511</b>	<b>85,433</b>	<b>1,841,238</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,792,785</b>	<b>\$ 26,511</b>	<b>\$ 85,433</b>	<b>\$ 1,904,729</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

Exhibit 3

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

Total fund balances governmental funds		\$ 1,841,238
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		
Gross capital assets at historical cost	5,230,969	
Accumulated depreciation	<u>(2,451,336)</u>	2,779,633
Net pension liability		(6,672)
Contributions to the pension fund in the current fiscal year are deferred outflows of resources on the Statement of Net Position		8,793
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and, therefore, are deferred.		4,584
Liabilities for earned revenues considered deferred inflows of resources in fund statements		22,112
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning	(460,654)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	<u>47,509</u>	(413,145)
Pension related deferrals		(6,464)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(19,029)	
Accrued interest	<u>(1,545)</u>	<u>(20,574)</u>
Net position of governmental activities		<u>\$ 4,209,505</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016

Exhibit 4

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 705,720	-	-	\$ 705,720
Unrestricted intergovernmental	350,430	-	-	350,430
Sales, permits, and fees	24,172	-	-	24,172
Restricted intergovernmental-grants	50,927	-	-	50,927
Restricted intergovernmental-public safety	498,700	-	-	498,700
Investment earnings	18	-	-	18
Other revenues	61,216	-	-	61,216
<b>Total revenues</b>	<b>1,691,183</b>	<b>-</b>	<b>-</b>	<b>1,691,183</b>
<b>Expenditures:</b>				
Current				
General government	335,785	-	-	335,785
Public safety	643,009	-	-	643,009
Public works	320,972	-	-	320,972
Cultural and recreational	29,828	-	-	29,828
Debt service				
Principal	47,116	-	-	47,116
Interest	12,729	-	-	12,729
<b>Total expenditures</b>	<b>1,389,439</b>	<b>-</b>	<b>-</b>	<b>1,389,439</b>
<b>Revenues over (under) expenditures</b>	<b>301,744</b>	<b>-</b>	<b>-</b>	<b>301,744</b>
<b>Other financing sources (uses):</b>				
Transfers to capital projects	(85,433)	-	85,433	-
Transfers from proprietary fund	22,428	-	-	22,428
Transfers from capital reserve fund	28,489	(28,489)	-	-
Proceeds from sale of assets	5,281	-	-	5,281
Insurance recovery	9,905	-	-	9,905
<b>Total other financing sources (uses)</b>	<b>(19,330)</b>	<b>(28,489)</b>	<b>85,433</b>	<b>37,614</b>
<b>Net change in fund balance</b>	<b>282,414</b>	<b>(28,489)</b>	<b>85,433</b>	<b>339,358</b>
<b>Fund balances, beginning</b>	<b>1,446,880</b>	<b>55,000</b>	<b>-</b>	<b>1,501,880</b>
<b>Fund balances, ending</b>	<b>\$ 1,729,294</b>	<b>\$ 26,511</b>	<b>\$ 85,433</b>	<b>\$ 1,841,238</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016

Exhibit 4

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

Net changes in fund balances-total governmental funds		\$ 339,358
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	68,292	
Depreciation expense for governmental assets	<u>(159,459)</u>	(91,167)
Contributions to the pension plan in the current fiscal year not included on the Statement of Activities		(6,569)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets	193,360	
Change in unavailable revenues for tax revenues	<u>(4,020)</u>	189,340
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.		
Principal payments on long term debt	47,117	
Increase in accrued interest payable	<u>192</u>	47,309
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	(2,086)	
Pension expense	<u>13,924</u>	11,838
Total change in net position of governmental activities		<u>\$ 490,109</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, 2016

Exhibit 5

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 665,365	\$ 665,365	\$ 705,720	\$ 40,355
Unrestricted intergovernmental	299,061	299,061	350,430	51,369
Sales, permits and fees	15,000	15,000	24,172	9,172
Restricted intergovernmental-grants	48,620	48,620	50,927	2,307
Restricted intergovernmental -public safety	466,836	466,836	498,700	31,864
Investment earnings	-	-	18	18
Other revenues	24,600	24,600	61,216	36,616
Total revenues	1,519,482	1,519,482	1,691,183	171,701
Expenditures:				
Current				
General government	344,791	367,259	335,785	31,474
Public safety	755,123	683,179	643,009	40,170
Public works	342,991	357,991	320,972	37,019
Cultural and recreational	38,025	38,025	29,828	8,197
Debt service				
Principal	54,159	54,159	47,116	7,043
Interest	12,393	12,393	12,729	(336)
Total expenditures	1,547,482	1,513,006	1,389,439	123,567
Revenues over (under) expenditures	(28,000)	6,476	301,744	295,268
Other financing sources (uses):				
Transfer to other funds	-	(85,433)	(85,433)	-
Transfer from proprietary fund	-	22,468	22,428	(40)
Transfer from capital reserve general fund	-	28,489	28,489	-
Proceeds from sale of assets	-	-	5,281	5,281
Insurance recovery	-	-	9,905	9,905
Total other financing sources (uses)	-	(34,476)	(19,330)	15,146
Fund balance appropriated	28,000	28,000	-	(28,000)
Net change in fund balances	\$ -	\$ -	282,414	\$ 282,414
Fund balances, beginning			1,446,880	
Fund balances, ending			<u>\$ 1,729,294</u>	

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, 2016

Exhibit 6

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,161,468	\$ 10,000	\$ 1,171,468
Accounts receivable (net)	128,535	-	128,535
Restricted cash	53,125	-	53,125
Total current assets	<u>1,343,128</u>	<u>10,000</u>	<u>1,353,128</u>
Noncurrent assets			
Capital assets:			
Fixed assets (net)	3,580,036	-	3,580,036
Total noncurrent assets	<u>3,580,036</u>	<u>-</u>	<u>3,580,036</u>
Total assets	<u>4,923,164</u>	<u>10,000</u>	<u>4,933,164</u>
Deferred outflows of resources			
Pension deferrals	10,135	-	10,135
Total deferred outflows of resources	<u>10,135</u>	<u>-</u>	<u>10,135</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	289,353	-	289,353
Customer deposits	53,125	-	53,125
Due to other funds	8,920	-	8,920
Notes payable-current	155,390	-	155,390
Total current liabilities	<u>506,788</u>	<u>-</u>	<u>506,788</u>
Noncurrent liabilities:			
Net pension liability	7,689	-	7,689
Notes payable-noncurrent	1,064,396	-	1,064,396
Total noncurrent liabilities	<u>1,072,085</u>	<u>-</u>	<u>1,072,085</u>
Total liabilities	<u>1,578,873</u>	<u>-</u>	<u>1,578,873</u>
Deferred inflows of resources			
Pension deferrals	7,450	-	7,450
Total deferred outflows of resources	<u>7,450</u>	<u>-</u>	<u>7,450</u>
Net position			
Net investment in capital assets	2,360,252	-	2,360,252
Restricted for capital projects	12,600	10,000	22,600
Unrestricted	974,124	-	974,124
Total net position	<u>\$ 3,346,976</u>	<u>\$ 10,000</u>	<u>\$ 3,356,976</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2016

Exhibit 7

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Operating revenues:			
Charges for services	\$ 957,696	\$ -	\$ 957,696
Water and sewer taps	18,200	-	18,200
Other operating revenues	24,077	-	24,077
Total operating revenues	999,973	-	999,973
Operating expenses:			
Billing and administration	189,019	-	189,019
Public works facility	16,276	-	16,276
Water distribuion	531,908	-	531,908
Sewer collection	281,686	-	281,686
Depreciation	110,822	-	110,822
Total operating expenses	1,129,711	-	1,129,711
Operating income (loss)	(129,738)	-	(129,738)
Nonoperating revenues (expenses):			
Investment earnings	161	-	161
Interest paid on long-term debt	(36,210)	-	(36,210)
Net nonoperating revenues (expenses)	(36,049)	-	(36,049)
Total income (loss) before transfers	(165,787)	-	(165,787)
Transfers from (to) other funds	(22,428)	-	(22,428)
Total income (loss) after transfers	(188,215)	-	(188,215)
Change in net position	(188,215)	-	(188,215)
Total net position, beginning	3,535,191	10,000	3,545,191
Total net position, ending	\$ 3,346,976	\$ 10,000	\$ 3,356,976

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2016

Exhibit 8

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 1,000,443	\$ -	\$ 1,000,443
Cash paid for goods and services	(629,649)	-	(629,649)
Cash paid to employees for services	(204,733)	-	(204,733)
Customer deposits received and returned	1,950	-	1,950
Net cash provided by (used in) operating activities	<u>168,011</u>	<u>-</u>	<u>168,011</u>
Cash flows from noncapital financing activities:			
Increase (decrease) in amounts due from General Fund	(4,995)	-	(4,995)
Net cash provided by (used in) capital and related financing activities	<u>(4,995)</u>	<u>-</u>	<u>(4,995)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(67,350)	-	(67,350)
Principal paid on debt	(155,390)	-	(155,390)
Interest paid on debt	(36,972)	-	(36,972)
Transfer to general fund	(22,428)	-	(22,428)
Net cash provided by (used in) capital and related financing activities	<u>(282,140)</u>	<u>-</u>	<u>(282,140)</u>
Cash flows from investing activities:			
Interest on investments	163	-	163
Net increase (decrease) in cash and cash equivalents	(118,961)	-	(118,961)
Cash and cash equivalents at beginning of year	1,333,554	10,000	1,343,554
Cash and cash equivalents at end of year	<u>1,214,593</u>	<u>10,000</u>	<u>1,224,593</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	(129,738)	-	(129,738)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	110,822	-	110,822
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	470	-	470
(Increase) decrease in net pension asset	11,749	-	11,749
(Increase) decrease in deferred outflows of resources for pensions	(826)	-	(826)
Increase (decrease) in accounts payable and accrued liabilities	186,354	-	186,354
Increase (decrease) in customer deposits	1,950	-	1,950
Increase (decrease) in net pension liability	7,689	-	7,689
Increase (decrease) in deferred inflows of resources for pensions	(20,459)	-	(20,459)
Total adjustments	<u>297,749</u>	<u>-</u>	<u>297,749</u>
Net cash provided by (used in) operating activities	<u>\$ 168,011</u>	<u>\$ -</u>	<u>\$ 168,011</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

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, 2016

**B. Basis of Presentation - Fund Accounting-continued**

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major enterprise funds:

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

**Capital Project-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, 2016

C. Measurement Focus and Basis of Accounting-continued

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for Special Revenue Funds and Capital Projects Funds. At June 30, 2016, the Town had no Special Revenue Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, 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, 2016

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	\$106,956
Business -type Activities Water and Sewer Fund	Customer deposits	\$53,125

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. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

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 2016 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, 2016

**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.

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

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

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

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, 2016, the expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for water and sewer by \$144,176. This over-expenditure occurred when settlement expenses for disputed charges for contract operation of the water treatment plant were subsequently recorded after year end. Management and the governing board could not amend the budget since the year end had passed. This was an isolated event and will result in the Town resuming directly the operation of the water treatment plant.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

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, 2016, the Town's deposits had a carrying amount of \$2,954,220 and a bank balance of \$3,067,362 of which \$284,028 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 \$70,830 and a bank balance of \$69,448 all of which was covered by federal depository insurance.

2. Investments

At June 30, 2016 the Town of Mount Pleasant had \$13,059 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, 2016.

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, 2016 is net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$660
Water and Sewer Fund	
Accounts receivable	28,246
Total	<u>\$28,906</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 237,842	\$ 193,360	\$ -	\$ 431,202
Construction in progress	-	-	-	-
Total capital assets not being depreciated	237,842	193,360	-	431,202
Capital assets being depreciated:				
Buildings	1,605,416	7,248	-	1,612,664
Equipment	410,257	3,000	-	413,257
Vehicles and motorized equipment	2,454,646	58,043	-	2,512,689
Infrastructure	261,157	-	-	261,157
Total capital assets being depreciated	4,731,476	68,291	-	4,799,767
Less accumulated depreciation for:				
Buildings	502,229	39,545	-	541,774
Equipment	362,793	10,118	-	372,911
Vehicles and motorized equipment	1,368,278	101,090	-	1,469,368
Infrastructure	58,578	8,705	-	67,283
Total accumulated depreciation	2,291,878	\$159,458	\$ -	2,451,336
Total capital assets being depreciated, net	2,439,598			2,348,431
Governmental activity capital assets, net	\$2,677,440			\$2,779,633

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

General government	\$ 20,780
Public safety	111,738
Public works	26,940
Total depreciation expense	<u>\$159,458</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

4. Capital Assets-continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Buildings	\$ 507,931	\$ 7,250	\$ -	\$ 515,181
Equipment	60,498	3,000	-	63,498
Motor vehicles	10,000	28,451	-	38,451
Water system	2,179,429	28,650	-	2,208,079
Sewer system	2,408,757	-	-	2,408,757
Total capital assets being depreciated	5,166,615	67,351	-	5,233,966
Less accumulated depreciation for:				
Buildings	61,911	10,488	-	72,399
Equipment	22,847	6,199	-	29,046
Motor vehicles	10,000	2,371	-	12,371
Water system	849,544	43,589	-	893,133
Sewer system	598,805	48,176	-	646,981
Total accumulated depreciation	1,543,107	\$ 110,823	\$ -	1,653,930
Total capital assets being depreciated, net	3,623,508			3,580,036
Business-type activities capital assets, net	\$3,623,508			\$3,580,036

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and equipment	\$ 17,530	\$ 8,220	\$ -	\$ 25,750
Leasehold improvements	16,201	669	-	16,870
Total capital assets being depreciated	33,731	8,889	-	42,620
Less accumulated depreciation for:				
Furniture and equipment	17,160	806	-	17,966
Leasehold improvements	16,201	11	-	16,212
Total accumulated depreciation	33,361	\$ 817	\$ -	34,178
ABC, capital assets, net	\$ 370			\$ 8,442

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

**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](http://www.ocs.nc.gov).

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mount Pleasant and the ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mount Pleasant's contractually required contribution rate for the year ended June 30, 2016, was 6.67% of compensation for employees not in law enforcement, and the ABC Boards contribution rate was 6.67% 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 \$18,928 and for the ABC Board \$4,337 for the year ended June 30, 2016.

*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, 2016

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, 2016, the Town and the ABC Board reported a liability of \$14,361 and \$5,071, respectively for their proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Town's proportion was 0.00320%, which was a decrease of 0.00208% from its proportion measured as of June 30, 2014. At June 30, 2015, the ABC Board's proportion was 0.00113%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$10,117. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 3,376
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,089
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,443	7,892
Town contributions subsequent to the measurement date	18,928	-
Total	<u>\$ 20,371</u>	<u>\$ 15,357</u>

The Town reported \$18,928 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:

2017	\$ (6,347)
2018	(6,347)
2019	(6,348)
2020	5,128
Total	<u>\$ (13,914)</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

a. Local Governmental Employees' Retirement System-continued

For the year ended June 30, 2016, the ABC Board recognized pension expense of \$2,660. At June 30, 2016, 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	\$ -	\$ 1,192
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,444
Changes in proportion and differences between Board contributions and proportionate share of contributions	108	554
Board contributions subsequent to the measurement date	4,229	-
Total	<u>\$ 4,337</u>	<u>\$ 3,190</u>

The ABC Board reported \$4,229 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2017	\$ (1,791)
2018	(1,791)
2019	(1,790)
2020	2,290
Total	<u>\$ (3,082)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2014 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, 2014 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, 2016

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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, 2016

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)	\$ 100,141	\$ 14,361	\$ (57,907)

*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)	\$ 35,361	\$ 5,071	\$ (20,447)

*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	\$ 18,928
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Deferred inflows of resources at year-end is comprised of the following:

Prepaid taxes (General Fund)	\$ 102
Taxes receivable (General Fund)	22,112
Pension deferrals	13,914
	\$ 36,128

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

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 Rick Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

4. Long-Term Obligations

a. General Obligation Indebtedness

The Town has no general obligation indebtedness at June 30, 2016.

At June 30, 2016, the Town of Mount Pleasant had a legal debt margin of \$9,350,066.

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, 2016, including interest of \$69,995, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2017	\$ 73,094	\$ 15,554
2018	73,094	13,610
2019	73,094	11,666
2020	73,094	9,722
2021	73,094	7,777
2022-2025	219,283	11,666
	<u>\$584,753</u>	<u>\$69,995</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

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, 2016, including interest of \$56,462, are as follows:

Year Ending June 30	Business-type activities Principal	Interest
2017	\$ 58,962	\$ 12,547
2018	58,962	10,979
2019	58,962	9,410
2020	58,962	7,842
2021	58,962	6,274
2022-2025	176,887	9,410
	<u>\$471,697</u>	<u>\$56,462</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, 2016, including interest of \$40,182, are as follows:

Year Ending June 30	Governmental activities Principal	Interest
2017	\$ 23,333	\$ 5,023
2018	23,333	4,353
2019	23,333	3,683
2020	23,333	3,014
2021	23,333	2,344
2022-2025	70,000	3,014
	<u>\$186,665</u>	<u>\$21,431</u>

Year Ending June 30	Business-type activities Principal	Interest
2017	\$ 23,333	\$ 4,688
2018	23,333	4,018
2019	23,333	3,348
2020	23,333	2,679
2021	23,333	2,009
2022-2025	46,667	2,009
	<u>\$163,332</u>	<u>\$18,751</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016

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, 2016, including interest of \$27,393, are as follows:

Year Ending June 30	Governmental activities Principal	Interest
2017	\$ 24,847	\$ 5,973
2018	25,538	5,283
2019	26,247	4,573
2020	26,976	3,844
2021	27,726	3,095
2022-2025	95,144	4,625
	<u>\$226,478</u>	<u>\$27,393</u>

f. Changes in Long-Term Liabilities

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 460,654	\$ -	\$ 47,508	\$ 413,146	\$48,181
Net pension liability (LGERS)	-	6,672	-	6,672	-
Compensated absences	16,942	2,086	-	19,028	-
Governmental activities long-term liabilities	<u>477,596</u>	<u>8,758</u>	<u>47,508</u>	<u>438,846</u>	<u>48,181</u>
Business type activities:					
Water and Sewer Fund					
Net pension liability (LGERS)	-	7,689	-	7,689	-
Installment purchases	1,375,175	-	155,390	1,219,786	155,390
Water and Sewer Fund long-term liabilities	<u>\$1,375,175</u>	<u>\$ 7,689</u>	<u>\$155,390</u>	<u>\$1,227,475</u>	<u>\$155,390</u>

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2016 consist of the following:

Due to/from other funds:

Due to General Fund from the Water and Sewer Fund	\$8,920
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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, 2016

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	\$1,729,295
Less:	
Inventories	-
Stabilization by State Statute	113,220
Streets-Powell Bill	106,957
Appropriated Fund Balance in 2017 budget	90,000
Working Capital/Fund Balance Policy	712,295
Remaining Fund Balance	706,823

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, 2016, the Town did not report any revenues and expenditures for these payments because no benefit payments were paid to the Town through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2016. 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 January 17, 2017, the date the financial statements were available to be issued. The ABC Board management has evaluated subsequent events through September 28, 2016, the date the financial statements were available to be issued.

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

Local Government Employees' Retirement System

	2016	2015	2014
Mount Pleasant's proportion of the net pension liability (asset) (%)	0.00320%	( 0.00528%)	0.00510%
Mount Pleasant's proportion of the net pension liability (asset) (\$)	\$ 14,361	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 286,972	\$ 312,741	\$ 298,171
Mount Pleasant's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.00%	( 9.96%)	20.62%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

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

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 18,928	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	<u>18,928</u>	<u>24,671</u>	<u>21,081</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Mount Pleasant's covered-employee payroll	\$ 286,972	\$ 312,741	\$ 298,171
Contributions as a percentage of covered-employee payroll	6.60%	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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
<b>Ad valorem taxes</b>			
Taxes	\$ 662,365	\$ 699,304	\$ 36,939
Penalties and interest	3,000	6,416	3,416
Total	665,365	705,720	40,355
<b>Unrestricted intergovernmental</b>			
Local option sales tax	194,000	224,097	30,097
Utility sales tax	53,250	82,380	29,130
Telecommunications sales tax	25,000	17,484	(7,516)
Local video program tax	20,000	18,850	(1,150)
Beer and wine taxes	6,811	7,619	808
Total	299,061	350,430	51,369
<b>Sales, permits, and fees</b>			
Solid waste fees	-	4,849	4,849
Recycling fees	14,000	13,749	(251)
Permits and fees	1,000	5,574	4,574
Total	15,000	24,172	9,172
<b>Restricted intergovernmental-grants</b>			
Solid waste disposal tax	1,100	1,123	23
FEMA grant	-	-	-
Powell Bill allocation	47,520	49,804	2,284
Total	48,620	50,927	2,307
<b>Restricted intergovernmental-public safety</b>			
NC Fire Protection grant	-	5,085	5,085
Cabarrus Co. staffing grant	-	-	-
Cabarrus Co. EMS grant	-	1,000	1,000
Contract fire-Cabarrus Co.	387,192	410,630	23,438
Contract fire-Cabarrus Co tax distribution	79,644	81,985	2,341
Total	466,836	498,700	31,864
<b>Investment earnings</b>	-	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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Other revenues</b>			
Rent and other	21,600	22,762	1,162
Private contributions	-	2,080	2,080
Farmers market fee	-	260	260
Miscellaneous	3,000	32,714	29,714
Cablevision franchise	-	3,400	3,400
Total	24,600	61,216	36,616
Total revenues	1,519,482	1,691,183	171,701
<b>Expenditures</b>			
<b>General government</b>			
Town Hall			
Contracted services	5,900	15,672	(9,772)
Utilities	21,000	11,045	9,955
Maintenance and repairs-building	3,000	3,439	(439)
Insurance-property and casualty	31,000	22,687	8,313
Telephone	8,700	6,129	2,571
Cleaning supplies	1,000	136	864
Capital outlay building	19,500	7,249	12,251
Total	90,100	66,357	23,743
Governing body			
Mayor-stipend	7,800	7,200	600
Board member stipend	15,000	15,600	(600)
Social security	1,705	1,744	(39)
Education and travel	-	818	(818)
Election fee	6,412	3,209	3,203
Cabarrus Economic Development	2,000	2,595	(595)
Cabarrus Rowan MPO	500	280	220
Centralina Council of Governments	750	705	45
Total	34,167	32,151	2,016

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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Administration and Finance			
Salaries and wages	43,132	46,607	(3,475)
Health insurance	11,949	10,657	1,292
Social security	3,300	4,613	(1,313)
Employee benefits-retirement	3,062	2,797	265
Employee benefits-401k	392	-	392
Dues and subscriptions	3,100	3,406	(306)
Education and travel	2,000	12,542	(10,542)
Insurance-workman's comp	2,100	1,884	216
Attorney fees	42,468	27,247	15,221
Auditor fees	17,000	16,500	500
Tax collection expense	15,000	5,539	9,461
Contracted services	29,500	29,571	(71)
Communications-mobile	1,700	1,859	(159)
Advertising	1,500	1,110	390
Office supplies and postage	5,000	3,429	1,571
Computers and software	10,000	10,075	(75)
Miscellaneous	6,474	13,272	(6,798)
Total	<u>197,677</u>	<u>191,108</u>	<u>6,569</u>
Planning and development			
Salaries and wages	6,670	6,977	(307)
Planning board stipend	7,200	6,600	600
Health insurance	1,444	1,401	43
Social security	511	1,036	(525)
Employee benefits-retirement	474	1,425	(951)
Employee benefits-401k	66	-	66
Education and travel	250	147	103
Contracted services-planning	27,000	27,006	(6)
Advertising	1,500	1,134	366
Department supplies and postage	200	443	(243)
Total	<u>45,315</u>	<u>46,169</u>	<u>(854)</u>
Total general government	<u>367,259</u>	<u>335,785</u>	<u>31,474</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, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Public safety</b>			
Law enforcement			
Contract services-Cabarrus County	130,000	130,772	(772)
Contract services	3,000	-	3,000
Maintenance and repair -vehicles and equipment	4,000	4,264	(264)
Departmental supplies and postage	1,000	431	569
Fuel	10,000	7,475	2,525
Capital outlay-vehicles and equipment	28,489	34,333	(5,844)
Total	<u>176,489</u>	<u>177,275</u>	<u>(786)</u>
Fire department			
Salaries and wages	292,000	289,182	2,818
Pay per call	-	-	-
Health insurance	2,709	2,555	154
Social security	22,338	21,939	399
Employee benefits-retirement	10,000	-	10,000
Employee benefits-pension	2,500	-	2,500
Employee benefits-401k	43	-	43
Dues and subscriptions	3,000	3,294	(294)
Education and travel	1,500	1,197	303
Firemen's physicals	3,000	820	2,180
Insurance-workman's comp	18,000	4,567	13,433
Auditing services	2,100	-	2,100
Contracted services	1,500	925	575
Utilities	13,000	12,096	904
Maintenance and repairs-building	10,000	8,613	1,387
Maintenance and repairs-vehicles and equipment	33,000	45,470	(12,470)
Insurance-property and casualty	15,000	17,959	(2,959)
Telephone	3,500	2,629	871
Communications-mobile	1,000	2,129	(1,129)
Departmental supplies and materials	3,000	1,747	1,253
Office supplies	3,500	1,647	1,853
Fire and rescue supplies	17,500	12,184	5,316
Uniforms	7,000	6,393	607
EMS supplies	3,000	2,884	116
Computers and software	4,500	-	4,500
Personal protective gear	13,000	15,095	(2,095)
Fuel	15,000	8,714	6,286
Capital outlay-building	-	-	-
Capital outlay-vehicles & equipment	5,000	-	5,000
Miscellaneous	1,000	3,695	(2,695)
Total	<u>506,690</u>	<u>465,734</u>	<u>40,956</u>
Total public safety	<u>683,179</u>	<u>643,009</u>	<u>40,170</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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public works</b>			
Public works facilities general			
Contracted services	1,000	783	217
Utilities	28,000	30,493	(2,493)
Maintenance and repairs-building	500	100	400
Insurance property and casualty	2,500	2,500	-
Telephone	1,000	969	31
Department supplies & postage	100	227	(127)
<b>Total</b>	<b>33,100</b>	<b>35,072</b>	<b>(1,972)</b>
<b>Streets</b>			
Salaries	6,467	6,762	(295)
Health insurance	1,581	1,477	104
Social security	495	476	19
Employee benefits-retirement	460	383	77
Employee benefits-401k	65	-	65
Education and travel	200	-	200
Insurance-workman's comp	2,200	2,072	128
Snow and ice removal	1,500	55	1,445
Maintenance and repairs-vehicles and equipment	7,500	8,546	(1,046)
Maintenance and repairs-sidewalks	14,000	-	14,000
Maintenance and repairs-streets	32,000	25,402	6,598
Departmental supplies and materials	6,000	6,016	(16)
Fuel	9,000	5,801	3,199
Capital outlay-vehicles & equipment	32,000	31,451	549
<b>Total</b>	<b>113,468</b>	<b>88,441</b>	<b>25,027</b>
<b>Sanitation</b>			
Salaries and wages	33,187	30,909	2,278
Salaries and wages-part time	21,000	17,289	3,711
Health insurance	7,780	7,057	723
Social security	4,068	3,700	368
Employee benefits-retirement	2,357	2,726	(369)
Employee benefits-401k	332	-	332
Insurance-workman's comp	4,100	1,884	2,216
Contract services-recycling	15,500	15,244	256
Contract services	2,500	-	2,500
Landfill fees	31,000	29,443	1,557
Maintenance and repairs-vehicles and equipment	8,500	12,757	(4,257)
Departmental supplies and postage	37,000	36,169	831
Fuel	5,000	3,272	1,728
Capital outlay-vehicles & equipment	-	-	-
<b>Total</b>	<b>172,324</b>	<b>160,450</b>	<b>11,874</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Buildings and grounds</b>			
Salaries	26,345	25,836	509
Health insurance	6,106	5,602	504
Social security	2,015	1,983	32
Employee benefits-retirement	1,870	1,462	408
Employee benefits-401k	263	-	263
Insurance-workman's comp	750	534	216
Maintenance and repairs-vehicles and equipment	100	65	35
Departmental supplies and postage	1,500	1,527	(27)
Fuel	150	-	150
<b>Total</b>	<b>39,099</b>	<b>37,009</b>	<b>2,090</b>
<b>Total public works</b>	<b>357,991</b>	<b>320,972</b>	<b>37,019</b>
<b>Cultural and recreational</b>			
Park maintenance	15,025	12,719	2,306
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	1,999	(1,499)
Independence day celebration	15,000	13,539	1,461
Christmas parade	700	471	229
Charitable contribution	4,500	250	4,250
<b>Total cultural and recreational</b>	<b>38,025</b>	<b>29,828</b>	<b>8,197</b>
<b>Debt service</b>			
Principal	54,159	47,116	7,043
Interest	12,393	12,729	(336)
<b>Total debt service</b>	<b>66,552</b>	<b>59,845</b>	<b>6,707</b>
<b>Total expenditures</b>	<b>1,513,006</b>	<b>1,389,439</b>	<b>123,567</b>
<b>Revenues over (under) expenditures</b>	<b>6,476</b>	<b>301,744</b>	<b>295,268</b>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Other financing sources (uses)</b>			
Transfer to capital projects fund	(85,433)	(85,433)	-
Transfer from proprietary fund	22,468	22,428	(40)
Transfer from capital reserve general fund	28,489	28,489	-
Sale of capital assets	-	5,281	5,281
Insurance recovery	-	9,905	9,905
	<u>          </u>	<u>          </u>	<u>          </u>
Total	(34,476)	(19,330)	15,146
	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance appropriated	28,000	-	(28,000)
	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balance	<u>\$ -</u>	282,414	<u>\$ 282,414</u>
 <b>Fund balances</b>			
Fund balances, beginning		<u>1,446,880</u>	
Fund balances, ending		<u>\$ 1,729,294</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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Charges for services			
Water and sewer charges	\$ 944,130	\$ 957,696	\$ 13,566
Water and sewer taps	10,000	18,200	8,200
Other operating revenues	32,378	24,077	(8,301)
Total operating revenues	986,508	999,973	13,465
Nonoperating revenues			
Investment earnings	-	161	161
Total nonoperating revenues	-	161	161
Total revenues	986,508	1,000,134	13,626
<b>Expenditures</b>			
Billing and water sewer administration			
Salaries and wages	72,603	71,241	1,362
Health insurance	20,277	18,474	1,803
Social security	5,226	6,452	(1,226)
Employee benefits-retirement	5,155	4,816	339
Employee benefits-401k	277	-	277
Dues and subscriptions	2,000	1,963	37
Insurance-workman's comp	7,000	6,784	216
Contracted services-engineer	20,000	33,053	(13,053)
Contracted services-administration	15,500	13,748	1,752
Equipment lease	4,700	558	4,142
Transaction processing fees	2,000	5,923	(3,923)
Communications-mobile	1,700	2,068	(368)
Office supplies and postage	8,500	14,698	(6,198)
Deposit refunds	2,000	2,014	(14)
Uniforms	3,000	2,567	433
Bad debt provision	3,000	5,535	(2,535)
Total billing and administrative	172,938	189,894	(16,956)
Public Works Facility-Water and Sewer			
Contracted services	500	-	500
Utilities	10,000	9,320	680
Maintenance and repairs-building	500	-	500
Insurance-property and casualty	2,400	2,400	-
Telephone	3,000	4,501	(1,501)
Office supplies	-	55	(55)
Capital outlay-building	19,500	7,249	12,251
Total public works facility	35,900	23,525	12,375



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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Water distribution			
Salaries and wages	46,520	46,864	(344)
Health insurance	10,796	10,041	755
Social security	3,560	3,548	12
Employee benefits-retirement	3,303	2,644	659
Employee benefits-401k	465	-	465
Education and travel	500	1,071	(571)
Attorney fees	-	875	(875)
Contracted services	-	1,875	(1,875)
Water purchase	260,000	403,820	(143,820)
Maintenance and repairs-vehicles and equip.	1,000	151	849
Maintenance and repairs-water lines	15,000	14,722	278
Maintenance and repairs-meters	5,000	4,739	261
Dredging expense	18,000	35,000	(17,000)
Departmental supplies	7,500	4,944	2,556
Fuel	500	1,078	(578)
Capital outlay-infrastructure	37,150	28,650	8,500
Capital outlay-vehicles and equipment	16,000	15,725	275
Miscellaneous	1,800	1,020	780
Total water distribution	427,094	576,767	(149,673)
Sewer collection			
Salaries and wages	46,899	47,394	(495)
Health insurance	10,889	10,122	767
Social security	3,590	3,575	15
Employee benefits-retirement	3,330	2,675	655
Employee benefits-401k	468	-	468
Education and travel	500	-	500
Sewage treatment	156,000	161,410	(5,410)
Maintenance and repairs-vehicles and equip.	1,000	325	675
Maintenance and repairs-sewer lines	55,000	47,032	7,968
Maintenance and repairs-pump station	10,000	7,945	2,055
Departmental supplies	2,500	1,064	1,436
Fuel	500	-	500
Capital outlay-vehicles and equipment	16,000	15,725	275
Miscellaneous	1,301	632	669
Total sewer collection	307,977	297,899	10,078

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, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Debt service			
Interest	38,357	36,972	1,385
Principal retirement	155,392	155,391	1
Total debt service	193,749	192,363	1,386
Total expenditures	1,137,658	1,280,448	(142,790)
Revenues over (under) expenditures	(151,150)	(280,314)	(129,164)
Other financing sources (uses):			
Fund balance appropriated	173,578	-	(173,578)
Transfer to other funds:			
General fund	(22,428)	(22,428)	-
Total	151,150	(22,428)	(173,578)
Revenues and other sources over expenditures and other uses	\$ -	(302,742)	\$ (302,742)
Reconciliation from budgetary basis (modified accrual) to full accrual			
Reconciling items			
Decrease in accrued interest		762	
Principal retirement		155,390	
Capital outlay		67,351	
Decrease in net pension asset		(11,749)	
Increase in deferred outflows of resources-pensions		825	
Increase in net pension liability		(7,689)	
Decrease in deferred inflows of resources-pensions		20,459	
Depreciation		(110,822)	
Total reconciling items		114,527	
Change in net position		\$ (188,215)	

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, 2016

	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	55,000		55,000	(45,000)
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer to General Fund	(100,000)	-	(28,489)	(28,489)	71,511
Total other financing sources (uses)	-	55,000	(28,489)	26,511	26,511
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 55,000	\$ (28,489)	\$ 26,511	\$ 26,511

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, 2016

	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  
CAPITAL PROJECT-FIRE DEPARTMENT FACILITY - GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
From Inception and For the Fiscal Year Ended June 30, 2016

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
<b>Expenditures</b>					
Building construction	1,300,000			-	1,300,000
Parking lot construction	100,000				100,000
Engineering and architect fees	112,000				112,000
Contingency	130,000	-	-	-	130,000
Total expenditures	1,642,000	-	-	-	1,642,000
Revenues over (under) expenditures	(1,642,000)	-	-	-	1,642,000
<b>Other financing sources (uses)</b>					
Transfer from General Fund	242,000	-	85,433	85,433	(156,567)
Proceeds from installment borrowing	1,400,000	-	-	-	(1,400,000)
Total other financing sources (uses)	1,642,000	-	85,433	85,433	(1,556,567)
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,433</u>	<u>\$ 85,433</u>	<u>\$ 85,433</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016		\$ 676,812	\$ 664,993	\$ 11,819
2014-2015	\$ 33,657	-	31,112	2,545
2013-2014	4,513	-	2,378	2,135
2012-2013	2,528	-	501	2,027
2011-2012	1,801	-	9	1,792
2010-2011	912	-	202	710
2009-2010	491	-	-	491
2008-2009	497	-	17	480
2007-2008	504	-	6	498
2006-2007	352	-	76	276
2005-2006	179	-	179	-
	<u>\$ 45,434</u>	<u>\$ 676,812</u>	<u>\$ 699,473</u>	<u>22,773</u>

Less allowance for uncollectible accounts:

General Fund

660

Ad valorem taxes receivable-net

22,113

Reconcilement with revenues:

Ad valorem taxes - General Fund

705,720

Reconciling items

Interest collected

(6,462)

Prior year abatements

36

Taxes written off

179

Total collections and credits

\$ 699,473

TOWN OF MOUNT PLEASANT, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
TOWN-WIDE LEVY  
For the Fiscal Year Ended June 30, 2016

	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	\$ 137,567,920	\$.505	\$ 676,431	\$ 610,318	\$ 66,113
Penalties	-		440	440	-
Total	137,567,920		676,871	610,758	66,113
Discoveries:					
Current year taxes	3,088	.505	162	162	-
Prior year taxes	-		74	74	-
Penalties	-		14	14	-
Total	3,088		250	250	-
Abatements	(45,700)		(309)	(309)	-
Total property valuation	<u>\$ 137,525,308</u>				
Net levy			676,812	610,699	66,113
Uncollected taxes at June 30, 2016			(11,819)	(11,819)	-
Current year's taxes collected			<u>\$ 664,993</u>	<u>\$ 598,880</u>	<u>\$ 66,113</u>
Current levy collection percentage			<u>98.25%</u>	<u>98.06%</u>	<u>100.00%</u>