

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

**For the Fiscal Year Ended
June 30, 2017**

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

TOWN OF MOUNT PLEASANT
NORTH CAROLINA
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June 30, 2017

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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, 2017, 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, 2017, 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 45 and Contributions on page 46, 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 & Smith, CPAs, PA

Salisbury, North Carolina
December 8, 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, 2017. 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.

Economic Factors and FY 2017-2018 Budgets and Rates

In coming years, the economy of the Town of Mount Pleasant will experience many changes. The following key economic indicators reflect an increase in properties:

- Residential infill construction has increased during FY 2016-2017, and a new 64 unit apartment complex was completed in early 2017. This project increased the total property value in the Town and increased 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. In March 2017, the one remaining empty textile facility was sold and is currently being restored for a \$1,500,000 upscale restaurant. The Restaurant will employ around fifty to sixty people.
- The Town is experiencing a significant increase in the redevelopment of properties in or near downtown. The new Municipal Parking Lot is creating a lot of excitement for downtown merchants.
- The town is seeking an increase in housing opportunities for young professionals.
- The Town is working with several development groups that desire 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 has 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 developer is considering development of seventeen acres of land that is vacant for a future industrial park.
- Unemployment rates continue to show improvement in Cabarrus County. The unemployment rate for 2016 is 4.1%. (Source: Cabarrus Economic Development Corporation).

Management Discussion and Analysis

Town of Mount Pleasant

- We are currently working with Cabarrus County on the redevelopment of the old Mount Pleasant Middle School site that encompasses twenty-seven acres of very desirable land. We anticipate a mixed use development that should generate a property value in excess of \$10,000,000.
- We are working with a developer and Cabarrus Economic Development on the Town's first industrial park that, at build-out, will have an estimated tax value of \$25,000,000.
- 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 underwent routine inspection in June 2017 and received a Rural rating of 5/9E and a Municipal rating of 4. This review resulted in a lower insurance ratings 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.

Town Highlights for FY 2017-2018

The overall financial status of the Town of Mount Pleasant is healthy, and we will continue to use some fund balance transfers for one-time expenditures in FY 2017-2018. We continue to maintain the Town's adopted financial policy requiring the Town to maintain a minimum fund balance threshold of 42% of expenses for potential emergencies. Our Board approved a one-time Water and Sewer Fund Balance transfer of \$327,000 to address several significant maintenance issues with our recently acquired Water Treatment Plant and storage facility. Our Board also approved a one-time transfer of \$550,000 from the General Fund Balance to fund a new Municipal Parking lot and a new playground and park facility beside Town Hall. The Town will also hire our first Code Enforcement Officer instead of out-sourcing this service.

Management Discussion and Analysis

Town of Mount Pleasant

The Town will also move forward with a Fire Station Addition Capital Project at an estimated cost of \$2.5 million. This capital project was originally approved in FY 2015-2016.

The Town of Mount Pleasant has completed our first Comprehensive Plan emphasizing downtown economic development, revitalization, and development of properties adjacent to the Town limits. We are fortunate the Town lies between two major thoroughfares, and several significant sized properties are available for development. Sale of these properties would not only bring employment and commercial development but also bring roof tops, subsequently increasing our tax base.

Financial Highlights

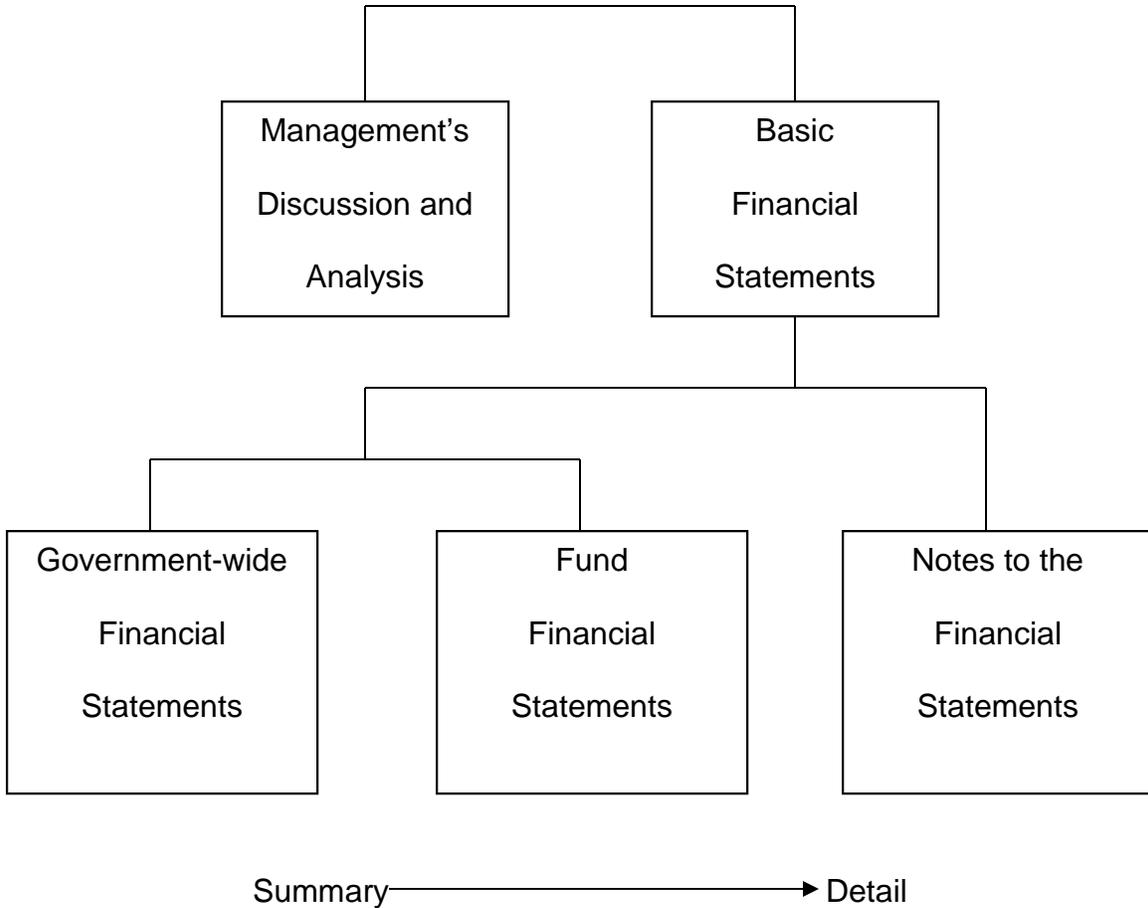
- The assets and deferred outflows of resources of the Town of Mount Pleasant *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,942,689 (***net position***).
- The government's total net position *increased* by \$376,208, due to diligent cost savings 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 \$2,120,806 an *increase* of \$279,568 in comparison with the prior year. Approximately 57% of this total amount, or \$1,219,638, 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 \$1,219,638 or 83 % of total general fund expenditures for the fiscal year.
- The Town of Mount Pleasant's total debt *decreased* by \$203,831 (12%) 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.

Management Discussion and Analysis

Town of Mount Pleasant

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Management Discussion and Analysis
Town of Mount Pleasant

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

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

Proprietary Funds – The Town of Mount Pleasant has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Mount Pleasant uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages **25-44** of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 2,200,084	\$ 1,909,313	\$ 1,039,701	\$ 1,344,208	\$ 3,239,785	\$ 3,253,521
Capital assets	2,711,969	2,779,633	3,613,386	3,580,036	6,325,355	6,359,669
Deferred outflow s of resources	40,963	8,793	59,600	10,135	100,563	18,928
Non-current assets	-	-	-	-	-	-
Total assets and deferred outflow s of resources	4,953,016	4,697,739	4,712,687	4,934,379	9,665,703	9,632,118
Long-term liabilities outstanding	334,862	383,993	909,006	1,064,396	1,243,868	1,448,389
Non-current liabilities	36,310	6,672	52,829	7,689	89,139	14,361
Other liabilities	102,816	91,105	278,242	497,868	381,058	588,973
Deferred inflow s of resources	3,645	6,464	5,304	7,450	8,949	13,914
Total liabilities and deferred inflow s of resources	477,633	488,234	1,245,381	1,577,403	1,723,014	2,065,637
Net position:						
Net investment in capital assets	2,347,004	2,366,486	2,548,990	2,360,252	4,895,994	4,726,738
Restricted	351,167	332,120	10,002	22,600	361,169	354,720
Unrestricted	1,777,212	1,510,899	908,314	974,124	2,685,526	2,485,023
Total net position	\$ 4,475,383	\$ 4,209,505	\$ 3,467,306	\$ 3,356,976	\$ 7,942,689	\$ 7,566,481

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 \$7,942,689 as of June 30, 2017. The Town of Mount Pleasant net position *increased* by \$376,208 for the fiscal year ended June 30, 2017. 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, \$361,169 (5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,685,526 (34%) is unrestricted.

Management Discussion and Analysis
Town of Mount Pleasant

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

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

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

	Governmental Activities 2017	Governmental Activities 2016	Business Type Activities 2017	Business Type Activities 2016	Total 2017	Total 2016
Revenues:						
Program revenues:						
Charges for services	\$ 19,055	\$ 24,172	\$ 1,047,349	\$ 999,973	\$ 1,066,404	\$ 1,024,145
Operating grants and contributions	609,060	549,628	-	-	609,060	549,628
General revenues:						
Property taxes	708,433	701,700	-	-	708,433	701,700
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	355,882	350,430	-	-	355,882	350,430
Other	81,982	269,472	282	161	82,264	269,633
Total revenues	1,774,412	1,895,402	1,047,631	1,000,134	2,822,043	2,895,536
Expenses:						
General government	352,672	347,359	-	-	352,672	347,359
Public safety	736,343	725,156	-	-	736,343	725,156
Public works	332,654	312,842	-	-	332,654	312,842
Culture and recreational	76,060	29,828	-	-	76,060	29,828
Interest on long-term debt	10,805	12,537	-	-	10,805	12,537
Water and sewer	-	-	937,301	1,165,921	937,301	1,165,921
Total expenses	1,508,534	1,427,722	937,301	1,165,921	2,445,835	2,593,643
Increase in net position before transfers	265,878	467,680	110,330	(165,787)	376,208	301,893
Transfers	-	22,428	-	(22,428)	-	-
Increase in net position	265,878	490,108	110,330	(188,215)	376,208	301,893
Net position, beginning	4,209,505	3,719,397	3,356,976	3,545,191	7,566,481	7,264,588
Net position, June 30	\$ 4,475,383	\$ 4,209,505	\$ 3,467,306	\$ 3,356,976	\$ 7,942,689	\$ 7,566,481

Governmental activities: Governmental activities *increased* the Town of Mount Pleasant's net position by \$265,878. Key elements of this increase are as follows:

- Expenditures were less than those budgeted.

Management Discussion and Analysis Town of Mount Pleasant

Business-type activities: Business-type activities *increased* the Town of Mount Pleasant's net position by \$110,330. Key elements of this increase are as follows:

- Expenditures were less than those budgeted.
- Rates for water and sewer services were raised for the year.

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 \$1,219,638, while total fund balance reached \$2,031,482. 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 83% of general fund expenditures, while total fund balance represents 139% of total General Fund expenditures.

At June 30, 2017, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$2,120,806, a net increase in fund balance of \$279,568. Included in this change in fund balance are increases in fund balance in the General Fund and an increase of \$5 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.

Management Discussion and Analysis
Town of Mount Pleasant

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 \$908,314. The total increase in net assets for the fund was \$110,330.

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, 2017, totals \$6,325,355 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Capital asset transactions during the year include the following:

- Continued to refine the capital project to renovate and expand the Fire Department building to provide for more efficient utilization of the Town’s resources and enhanced fire protection

Town of Mount Pleasant’s Capital Assets

Figure 3

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
and construction in progress	\$ 431,202	\$ 431,202	\$ -	\$ -	\$ 431,202	\$ 431,202
buildings and systems	35,516	-	-	-	35,516	-
	1,084,275	1,070,890	3,484,921	3,519,504	4,569,196	4,590,394
machinery and equipment	37,427	40,346	107,126	34,452	144,553	74,798
infrastructure	185,169	193,874	-	-	185,169	193,874
vehicles and motorized equipment	938,380	1,043,321	21,339	26,080	959,719	1,069,401
Total	\$ 2,711,969	\$ 2,779,633	\$ 3,613,386	\$ 3,580,036	\$ 6,325,355	\$ 6,359,669

Management Discussion and Analysis
Town of Mount Pleasant

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, 2017, the Town of Mount Pleasant had total debt outstanding of \$1,537,268. All of this debt is in the form of installment purchases, in which the item purchase serves as collateral for the debt.

Town of Mount Pleasant’s Long Term Liabilities
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Installment Purchases	\$ 364,965	\$ 413,146	\$ 1,064,396	\$ 1,219,786	\$ 1,429,361	\$ 1,632,932
Compensated Absences	18,768	19,028	-	-	18,768	19,028
Net Pension Liability	36,310	6,672	52,829	7,689	89,139	14,361
Total	\$ 420,043	\$ 438,846	\$ 1,117,225	\$ 1,227,475	\$ 1,537,268	\$ 1,666,321

The Town of Mount Pleasant’s total debt *decreased* by \$203,831 (12%) 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, 2017, the legal debt margin for Town of Mount Pleasant is \$9,828,852.

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

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: Revenues for 2018 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 2017.

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.

Management Discussion and Analysis
Town of Mount Pleasant

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, 2017

Exhibit 1

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,850,808	\$ 865,175	\$ 2,715,983	\$ 56,410
Taxes receivables (net)	22,718	-	22,718	-
Accrued interest receivable on taxes	3,968	-	3,968	-
Accounts receivable	2,911	122,824	125,735	-
Internal balances	17,136	(17,136)	-	-
Due from other governments	140,858	-	140,858	-
Inventories	-	-	-	83,830
Prepaid items	-	-	-	7,314
Restricted cash	161,685	68,838	230,523	-
	<u>2,200,084</u>	<u>1,039,701</u>	<u>3,239,785</u>	<u>147,554</u>
Total current assets				
Non-current assets				
Capital assets				
Land, non-depreciable improvements and construction in progress	466,718	-	466,718	-
Other capital assets net of depreciation	2,245,251	3,613,386	5,858,637	6,569
	<u>2,711,969</u>	<u>3,613,386</u>	<u>6,325,355</u>	<u>6,569</u>
Total capital assets				
Total assets	<u>4,912,053</u>	<u>4,653,087</u>	<u>9,565,140</u>	<u>154,123</u>
Deferred outflows of resources				
Pension deferrals	40,963	59,600	100,563	18,690
	<u>40,963</u>	<u>59,600</u>	<u>100,563</u>	<u>18,690</u>
Total deferred outflows of resources				
Liabilities				
Current liabilities:				
Accounts payable & accrued liabilities	43,823	48,864	92,687	3,481
Advances from grantors	6,269	-	6,269	-
Deposit-sale of real estate	2,500	-	2,500	-
Accrued interest payable	1,353	5,150	6,503	-
Customer deposits	-	68,838	68,838	-
Due to other governments	-	-	-	19,235
Current portion of long-term liabilities	48,871	155,390	204,261	-
Total current liabilities	<u>102,816</u>	<u>278,242</u>	<u>381,058</u>	<u>22,716</u>
Long-term liabilities:				
Net pension liability	36,310	52,829	89,139	21,857
Due in more than one year	334,862	909,006	1,243,868	-
	<u>473,988</u>	<u>1,240,077</u>	<u>1,714,065</u>	<u>44,573</u>
Total liabilities				
Deferred inflows of resources				
Pension deferrals	3,645	5,304	8,949	1,816
	<u>3,645</u>	<u>5,304</u>	<u>8,949</u>	<u>1,816</u>
Total deferred inflows of resources				
Net position				
Net investment in capital assets	2,347,004	2,548,990	4,895,994	6,569
Restricted for:				
Capital projects	89,323	10,002	99,325	-
Stabilization by State Statute	160,906	-	160,906	-
Other functions	100,938	-	100,938	22,524
Unrestricted	1,777,212	908,314	2,685,526	97,331
	<u>\$ 4,475,383</u>	<u>\$ 3,467,306</u>	<u>\$ 7,942,689</u>	<u>\$ 126,424</u>
Total net position				

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, 2017

Exhibit 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Town of Mount Pleasant ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
General government	\$ 352,672	\$ -	\$ -	\$ -	\$ (352,672)	\$ -	\$ (352,672)	\$ -
Public safety	736,343	-	547,858	-	(188,485)	-	(188,485)	-
Public works	332,654	19,055	61,202	-	(252,397)	-	(252,397)	-
Cultural and recreational	76,060	-	-	-	(76,060)	-	(76,060)	-
Interest on long-term debt	10,805	-	-	-	(10,805)	-	(10,805)	-
Total governmental activities	<u>1,508,534</u>	<u>19,055</u>	<u>609,060</u>	<u>-</u>	<u>(880,419)</u>	<u>-</u>	<u>(880,419)</u>	<u>-</u>
Business-type activities								
Water and sewer	937,301	1,047,349	-	-	-	110,048	110,048	-
Total business-type activities	<u>937,301</u>	<u>1,047,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,048</u>	<u>110,048</u>	<u>-</u>
Total primary government	<u>2,445,835</u>	<u>1,066,404</u>	<u>609,060</u>	<u>-</u>	<u>(880,419)</u>	<u>110,048</u>	<u>(770,371)</u>	<u>-</u>
Component unit								
ABC Board	738,975	755,269	-	-	-	-	-	16,294
Total component unit	<u>\$ 738,975</u>	<u>\$ 755,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,294</u>
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					708,433	-	708,433	-
Grants and contributions not restricted to specific programs					355,882	-	355,882	-
Unrestricted investment earnings					402	282	684	15
Miscellaneous					76,188	-	76,188	390
Gain on insurance recovery					5,392	-	5,392	-
Total general revenues					<u>1,146,297</u>	<u>282</u>	<u>1,146,579</u>	<u>405</u>
Changes in net position					265,878	110,330	376,208	16,699
Net position, beginning					4,209,505	3,356,976	7,566,481	109,725
Net position, ending					<u>\$ 4,475,383</u>	<u>\$ 3,467,306</u>	<u>\$ 7,942,689</u>	<u>\$ 126,424</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

Exhibit 3

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,761,484	\$ 26,516	\$ 62,808	\$ 1,850,808
Restricted cash	161,685	-	-	161,685
Receivables (net)				
Property taxes	22,718	-	-	22,718
Accounts	2,911	-	-	2,911
Due from other funds	17,136	-	-	17,136
Due from other government	140,858	-	-	140,858
	<u>2,106,792</u>	<u>26,516</u>	<u>62,808</u>	<u>2,196,116</u>
Liabilities and fund balances				
Liabilities				
Accounts payable and accrued liabilities	40,597	-	-	40,597
Custody account liability	-	-	-	-
Advances from grantors	6,269	-	-	6,269
Deposit-sale of real estate	2,500	-	-	2,500
Law enforcement distribution refundable	3,226	-	-	3,226
	<u>52,592</u>	<u>-</u>	<u>-</u>	<u>52,592</u>
Deferred inflows of resources				
Property taxes receivable	22,718	-	-	22,718
Prepaid taxes	-	-	-	-
	<u>22,718</u>	<u>-</u>	<u>-</u>	<u>22,718</u>
Fund balances				
Restricted				
Stabilization by State statute	160,906	-	-	160,906
Streets	100,938	-	-	100,938
Capital reserve	-	26,516	-	26,516
Capital project	-	-	62,808	62,808
Assigned				
Subsequent year's expenditures	550,000	-	-	550,000
Unassigned	1,219,638	-	-	1,219,638
	<u>2,031,482</u>	<u>26,516</u>	<u>62,808</u>	<u>2,120,806</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,106,792</u>	<u>\$ 26,516</u>	<u>\$ 62,808</u>	<u>\$ 2,196,116</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

Exhibit 3

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

Total fund balances governmental funds		\$ 2,120,806
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		
Gross capital assets at historical cost	5,325,467	
Accumulated depreciation	<u>(2,613,498)</u>	2,711,969
Net pension liability		(36,310)
Contributions to the pension fund in the current fiscal year are deferred outflows of resources on the Statement of Net Position		40,963
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and, therefore, are deferred.		3,968
Liabilities for earned revenues considered deferred inflows of resources in fund statements		22,718
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning	(413,145)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	<u>48,180</u>	(364,965)
Pension related deferrals		(3,645)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compenstated absences	(18,768)	
Accrued interest	<u>(1,353)</u>	<u>(20,121)</u>
Net position of governmental activities		<u>\$ 4,475,383</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

Exhibit 4

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 708,444	-	-	\$ 708,444
Unrestricted intergovernmental	355,883	-	-	355,883
Sales, permits, and fees	19,056	-	-	19,056
Restricted intergovernmental-grants	61,201	-	-	61,201
Restricted intergovernmental-public safety	547,859	-	-	547,859
Investment earnings	380	5	17	402
Other revenues	70,168	-	-	70,168
Total revenues	1,762,991	5	17	1,763,013
Expenditures:				
Current				
General government	390,365	-	-	390,365
Public safety	629,347	-	33,042	662,389
Public works	306,857	-	-	306,857
Cultural and recreational	76,060	-	-	76,060
Debt service				
Principal	48,179	-	-	48,179
Interest	10,997	-	-	10,997
Total expenditures	1,461,805	-	33,042	1,494,847
Revenues over (under) expenditures	301,186	5	(33,025)	268,166
Other financing sources (uses):				
Transfers to capital projects	(10,400)	-	10,400	-
Transfers from proprietary fund	-	-	-	-
Transfers from captial reserve fund	-	-	-	-
Proceeds from sale of assets	6,010	-	-	6,010
Insurance recovery	5,392	-	-	5,392
Total other financing sources (uses)	1,002	-	10,400	11,402
Net change in fund balance	302,188	5	(22,625)	279,568
Fund balances, beginning as previously reporte	1,729,294	26,511	85,433	1,841,238
Prior period adjustment	-	-	-	-
Fund balances, beginning	1,729,294	26,511	85,433	1,841,238
Fund balances, ending	\$ 2,031,482	\$ 26,516	\$ 62,808	\$ 2,120,806

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017

Exhibit 4

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

Net changes in fund balances-total governmental funds	\$	279,568
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceed capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	94,497	
Depreciation expense for governmental assets	<u>(162,161)</u>	(67,664)
<p>Contributions to the pension plan in the current fiscal year not included on the Statement of Activities</p>		
		32,170
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Amount of donated assets	-	
Change in unavailable revenues for tax revenues	<u>(11)</u>	(11)
<p>The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any affect on net position. This amount is the net effect of these differences in in the treatment of long-term debt and related items.</p>		
Principal payments on long term debt	48,179	
Decrease in accrued interest payable	<u>192</u>	48,371
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported expenditures in governmental funds.</p>		
Compensated absences	264	
Pension expense	<u>(26,820)</u>	<u>(26,556)</u>
Total change in net position of governmental activities		<u>\$ 265,878</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, 2017

Exhibit 5

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 704,044	\$ 704,044	\$ 708,444	\$ 4,400
Unrestricted intergovernmental	307,775	307,775	355,883	48,108
Sales, permits and fees	22,000	22,000	19,056	(2,944)
Restricted intergovernmental-grants	48,520	48,520	61,201	12,681
Restricted intergovernmental -public safety	497,002	497,002	547,859	50,857
Investment earnings	-	-	380	380
Other revenues	26,600	26,600	70,168	43,568
Total revenues	1,605,941	1,605,941	1,762,991	157,050
Expenditures:				
Current				
General government	454,352	474,351	390,365	83,986
Public safety	698,628	698,628	629,347	69,281
Public works	333,931	333,932	306,857	27,075
Cultural and recreational	54,200	54,200	76,060	(21,860)
Debt service				
Principal	54,159	54,159	48,179	5,980
Interest	10,671	10,671	10,997	(326)
Total expenditures	1,605,941	1,625,941	1,461,805	164,136
Revenues over (under) expenditures	-	(20,000)	301,186	321,186
Other financing sources (uses):				
Transfer to other funds	(90,000)	(90,000)	(10,400)	79,600
Proceeds from sale of assets	-	-	6,010	6,010
Insurance recovery	-	-	5,392	5,392
Total other financing sources (uses)	(90,000)	(90,000)	1,002	91,002
Fund balance appropriated	90,000	110,000	-	(110,000)
Net change in fund balances	\$ -	\$ -	302,188	\$ 302,188
Fund balances, beginning			1,729,294	
Fund balances, ending			<u>\$ 2,031,482</u>	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2017

Exhibit 6

Assets	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Current assets:			
Cash and cash equivalents	\$ 855,173	\$ 10,002	\$ 865,175
Accounts receivable (net)	122,824	-	122,824
Restricted cash	68,838	-	68,838
Total current assets	<u>1,046,835</u>	<u>10,002</u>	<u>1,056,837</u>
Noncurrent assets			
Capital assets:			
Fixed assets (net)	3,613,386	-	3,613,386
Total noncurrent assets	<u>3,613,386</u>	<u>-</u>	<u>3,613,386</u>
Total assets	<u>4,660,221</u>	<u>10,002</u>	<u>4,670,223</u>
Deferred outflows of resources			
Pension deferrals	59,600	-	59,600
Total deferred outflows of resources	<u>59,600</u>	<u>-</u>	<u>59,600</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	54,014	-	54,014
Customer deposits	68,838	-	68,838
Due to other funds	17,136	-	17,136
Notes payable-current	155,390	-	155,390
Total current liabilities	<u>295,378</u>	<u>-</u>	<u>295,378</u>
Noncurrent liabilities:			
Net pension liability	52,829	-	52,829
Notes payable-noncurrent	909,006	-	909,006
Total noncurrent liabilities	<u>961,835</u>	<u>-</u>	<u>961,835</u>
Total liabilities	<u>1,257,213</u>	<u>-</u>	<u>1,257,213</u>
Deferred inflows of resources			
Pension deferrals	5,304	-	5,304
Total deferred outflows of resources	<u>5,304</u>	<u>-</u>	<u>5,304</u>
Net position			
Net investment in capital assets	2,548,990	-	2,548,990
Restricted for capital projects		10,002	10,002
Unrestricted	908,314	-	908,314
Total net position	<u>\$ 3,457,304</u>	<u>\$ 10,002</u>	<u>\$ 3,467,306</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, 2017

Exhibit 7

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Operating revenues:			
Charges for services	\$ 979,481	\$ -	\$ 979,481
Water and sewer taps	33,083	-	33,083
Other operating revenues	34,785	-	34,785
Total operating revenues	<u>1,047,349</u>	<u>-</u>	<u>1,047,349</u>
Operating expenses:			
Billing and administration	164,117	-	164,117
Public works facility	12,683	-	12,683
Water distribtuion	351,379	-	351,379
Sewer collection	257,324	-	257,324
Depreciation	119,771	-	119,771
Total operating expenses	<u>905,274</u>	<u>-</u>	<u>905,274</u>
Operating income (loss)	<u>142,075</u>	<u>-</u>	<u>142,075</u>
Nonoperating revenues (expenses):			
Investment earnings	280	2	282
Interest paid on long-term debt	(32,027)	-	(32,027)
Net nonoperating revenues (expenses)	<u>(31,747)</u>	<u>2</u>	<u>(31,745)</u>
Total income (loss) before transfers	110,328	2	110,330
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total income (loss) after transfers	<u>110,328</u>	<u>2</u>	<u>110,330</u>
Cumulative change in application of capitalization policy			
Income (loss) before contribuitons and transfers	110,328	2	110,330
Transfer to capital project			
Capital contributions	-	-	-
Transfer to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	110,328	2	110,330
Total net position, beginning, previously reported	3,346,976	10,000	3,356,976
Restatement	<u>-</u>	<u>-</u>	<u>-</u>
Total net position, beginning	<u>3,346,976</u>	<u>10,000</u>	<u>3,356,976</u>
Total net position, ending	<u>\$ 3,457,304</u>	<u>\$ 10,002</u>	<u>\$ 3,467,306</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2017

Exhibit 8

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 1,053,058	\$ -	\$ 1,053,058
Cash paid for goods and services	(829,353)	-	(829,353)
Cash paid to employees for services	(197,198)	-	(197,198)
Customer deposits received and returned	15,713	-	15,713
Net cash provided by (used in) operating activities	42,220	-	42,220
Cash flows from noncapital financing activities:			
Increase (decrease) in amounts due from General Fund	8,217	-	8,217
Net cash provided by (used in) capital and related financing activities	8,217	-	8,217
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(153,121)	-	(153,121)
Principal paid on debt	(155,390)	-	(155,390)
Interest paid on debt	(32,789)	-	(32,789)
Transfer to general fund	-	-	-
Net cash provided by (used in) capital and related financing activities	(341,300)	-	(341,300)
Cash flows from investing activities:			
Interest on investments	281	2	283
Net increase (decrease) in cash and cash equivalents	(290,582)	2	(290,580)
Cash and cash equivalents at beginning of year	1,214,593	10,000	1,224,593
Cash and cash equivalents at end of year	924,011	10,002	934,013
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	142,075	-	142,075
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	119,771	-	119,771
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	5,711	-	5,711
(Increase) decrease in net pension asset	-	-	-
(Increase) decrease in deferred outflows of resources for pensions	(49,465)	-	(49,465)
Increase (decrease) in accounts payable and accrued liabilities	(234,579)	-	(234,579)
Increase (decrease) in customer deposits	15,713	-	15,713
Increase (decrease) in net pension liability	45,140	-	45,140
Increase (decrease) in deferred inflows of resources for pensions	(2,146)	-	(2,146)
Total adjustments	(99,855)	-	(99,855)
Net cash provided by (used in) operating activities	\$ 42,220	\$ -	\$ 42,220

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Town of Mount Pleasant ABC Board

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

B. Basis of Presentation

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

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

Fund Financial Statements- The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The 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, 2017

B. Basis of Presentation - Fund Accounting-continued

The Town reports the following major governmental funds:

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

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

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

The Town reports the following enterprise funds:

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

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, 2017

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, 2017, 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 Government 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, 2017

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	\$100,938
Business –type Activities Water and Sewer Fund	Customer deposits	\$68,838

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2016. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Inventory

The inventories of the Town of Mount Pleasant ABC Board are valued at lower of cost (first-in, first-out) or market. The inventories of the ABC Board consist of materials for resale and supplies for use in operations. The cost of these inventories is 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, 2017

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 2017 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 - property taxes receivable and pension deferrals.

9. Long-Term Obligations

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

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

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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, 2017

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. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Mount Pleasant's employer contributions are recognized when due and the Town of Mount Pleasant has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes: None

2. Contractual Violations: None

B. Deficit Fund Balance or Net Position of Individual Funds: None

C. Excess of Expenditures over Appropriations:

For the fiscal year ended June 30, 2017, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for cultural and recreational activities by \$21,860. This over-expenditure occurred because of a one-time special event that was not included in the budget.

Additionally the Town's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for water and sewer operation by \$784.

Management and the governing board will more closely review the budget reports to ensure compliance in future years.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

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, 2017, the Town's deposits had a carrying amount of \$2,932,094 and a bank balance of \$2,968,058 of which \$284,046 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 \$56,410 and a bank balance of \$92,380 all of which was covered by federal depository insurance.

2. Investments

At June 30, 2017 the Town of Mount Pleasant had \$14,212 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

The ABC Board owned no investments at June 30, 2017.

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, 2017 is net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$703
Water and Sewer Fund	
Accounts receivable	<u>34,682</u>
Total	<u><u>\$35,385</u></u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 431,202	\$ -	\$ -	\$ 431,202
Construction in progress	-	35,516	-	35,516
Total capital assets not being depreciated	<u>431,202</u>	<u>35,516</u>	<u>-</u>	<u>466,718</u>
Capital assets being depreciated:				
Buildings	1,612,664	53,052	-	1,665,716
Equipment	413,257	5,929	-	419,186
Vehicles and motorized equipment	2,512,689	-	-	2,512,689
Infrastructure	261,157	-	-	261,157
Total capital assets being depreciated	<u>4,799,767</u>	<u>58,981</u>	<u>-</u>	<u>4,858,748</u>
Less accumulated depreciation for:				
Buildings	541,774	39,666	-	581,440
Equipment	372,911	8,848	-	381,759
Vehicles and motorized equipment	1,469,368	104,942	-	1,574,310
Infrastructure	67,283	8,705	-	75,988
Total accumulated depreciation	<u>2,451,336</u>	<u>\$162,161</u>	<u>\$ -</u>	<u>2,613,497</u>
Total capital assets being depreciated, net	<u>2,348,431</u>			<u>2,245,251</u>
Governmental activity capital assets, net	<u>\$2,779,633</u>			<u>\$2,711,969</u>

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

General government	\$ 20,401
Public safety	112,923
Public works	<u>28,837</u>
Total depreciation expense	<u>\$162,161</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

4. Capital Assets-continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Buildings	\$ 515,181	\$ 68,363	\$ -	\$ 583,544
Equipment	63,498	84,757	-	148,255
Motor vehicles	38,451	-	-	38,451
Water system	2,208,079	-	-	2,208,079
Sewer system	2,408,757	-	-	2,408,757
Total capital assets being depreciated	<u>5,233,966</u>	<u>153,120</u>	<u>-</u>	<u>5,387,086</u>
Less accumulated depreciation for:				
Buildings	72,399	10,608	-	83,007
Equipment	29,046	12,084	-	41,130
Motor vehicles	12,371	4,742	-	17,113
Water system	893,133	44,162	-	937,295
Sewer system	646,981	48,174	-	695,155
Total accumulated depreciation	<u>1,653,930</u>	<u>\$ 119,770</u>	<u>\$ -</u>	<u>1,773,700</u>
Total capital assets being depreciated, net	<u>3,580,036</u>			<u>3,613,386</u>
Business-type activities capital assets, net	<u>\$3,580,036</u>			<u>\$3,613,386</u>

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and equipment	\$ 25,750	\$ -	\$ -	\$ 25,750
Leasehold improvements	16,870	-	-	16,870
Total capital assets being depreciated	<u>42,620</u>	<u>-</u>	<u>-</u>	<u>42,620</u>
Less accumulated depreciation for:				
Furniture and equipment	17,966	1,739	-	19,705
Leasehold improvements	16,212	134	-	16,346
Total accumulated depreciation	<u>34,178</u>	<u>\$ 1,873</u>	<u>\$ -</u>	<u>36,051</u>
ABC, capital assets, net	<u>\$ 8,442</u>			<u>\$ 6,569</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mount Pleasant and the ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mount Pleasant's contractually required contribution rate for the year ended June 30, 2017, was 13.39% of compensation for employees not in law enforcement, and the ABC Boards contribution rate was 7.25% 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 \$37,241 and for the ABC Board \$4,625 for the year ended June 30, 2017.

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, 2017

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, 2017, the Town and the ABC Board reported a liability of \$89,139 and \$21,857, respectively for their proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the Town's proportion was 0.00420%, which was an increase of 0.00100% from its proportion measured as of June 30, 2015. At June 30, 2016, the ABC Board's proportion was 0.00103%, which was a decrease of 0.00001% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$25,420. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,675	\$ 3,123
Changes of assumptions	6,105	-
Net difference between projected and actual earnings on pension plan investments	49,282	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,260	5,826
Town contributions subsequent to the measurement date	37,241	-
Total	<u>\$ 100,563</u>	<u>\$ 8,949</u>

The Town reported \$37,241 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 7,978
2019	7,980
2020	23,074
2021	15,340
Total	<u>\$ 54,372</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

a. Local Governmental Employees' Retirement System-continued

For the year ended June 30, 2017, the ABC Board recognized pension expense of \$5,684. At June 30, 2017, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 411	\$ 766
Changes of assumptions	1,497	-
Net difference between projected and actual earnings on pension plan investments	12,085	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	72	1,050
Board contributions subsequent to the measurement date	4,625	-
Total	<u>\$ 18,690</u>	<u>\$ 1,816</u>

The ABC Board reported \$4,625 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$ 1,733
2019	1,735
2020	5,452
2021	3,330
Total	<u>\$ 12,250</u>

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017

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, 2016 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 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, 2017

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:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 211,566	\$ 89,138	\$ (13,123)

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:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Board's proportionate share of the net pension liability (asset)	\$ 51,884	\$ 21,857	\$ (3,218)

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

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 37,241
Difference between expected and actual experience	1,675
Changes of assumptions	6,105
Net difference between projected and actual	49,282
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>6,260</u>
Total	<u>\$ 100,563</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2017

2. Deferred Outflows and Inflows of Resources-continued

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ 22,718	\$ 22,718
Difference between expected and actual experience	3,123	
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,826	
Total	\$ 31,667	\$ 22,718

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, 2017. The Town does not carry an individual bond on a tax collector because it outsources its tax collection to Cabarrus County.

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

4. Long-Term Obligations

a. General Obligation Indebtedness

The Town has no general obligation indebtedness at June 30, 2017.

At June 30, 2017, the Town of Mount Pleasant had a legal debt margin of \$9,828,852.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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, 2017, including interest of \$54,440, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2018	\$ 73,094	\$ 13,610
2019	73,094	11,666
2020	73,094	9,722
2021	73,094	7,777
2022	73,094	5,833
2023-2025	146,190	5,832
	\$511,660	\$54,440

c. Installment Purchase-water line improvements

On July 1, 2004, the Town set up financing of \$1,179,244 with Water and Sewer Authority of Cabarrus County, North Carolina to finance improvements to the water distribution system. The financing contract requires principal payments beginning in the fiscal year of 2005 with interest at 2.66% interest. During the year ended June 30, 2017 this loan was assumed by the town from the Water and Sewer Authority of Cabarrus County directly with the State of North Carolina. The terms remain unchanged.

The future minimum payments of the installment purchase as of June 30, 2017, including interest of \$43,915, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2018	\$ 58,962	\$ 10,979
2019	58,962	9,410
2020	58,962	7,842
2021	58,962	6,274
2022	58,962	4,705
2023-2025	117,925	4,705
	\$412,735	\$43,915

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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 \$30,470, are as follows:

<u>Year Ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 23,333	\$ 4,353
2019	23,333	3,683
2020	23,333	3,014
2021	23,333	2,344
2022	23,333	1,674
2023-2025	46,668	1,339
	<u>\$163,333</u>	<u>\$16,407</u>

<u>Year Ending June 30</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 23,333	\$ 4,018
2019	23,333	3,348
2020	23,333	2,679
2021	23,333	2,009
2022	23,333	1,339
2023-2025	23,335	670
	<u>\$140,000</u>	<u>\$14,063</u>

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, 2017, including interest of \$21,420, are as follows:

<u>Year Ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 25,538	\$ 5,283
2019	26,247	4,573
2020	26,976	3,844
2021	27,726	3,095
2022	28,496	2,324
2023-2025	66,648	2,301
	<u>\$201,631</u>	<u>\$21,420</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

f. Changes in Long-Term Liabilities

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 413,146	\$ -	\$ 48,181	\$ 364,965	\$48,871
Net pension liability (LGERS)	6,672	29,638	-	36,310	-
Compensated absences	19,028	-	260	18,768	-
<hr/>					
Governmental activities long-term liabilities	438,846	29,638	48,441	420,043	48,871
<hr/>					
Business type activities:					
Water and Sewer Fund					
Net pension liability (LGERS)	7,689	45,140	-	52,829	-
Installment purchases	1,219,786	-	155,390	1,064,396	155,390
<hr/>					
Water and Sewer Fund long-term liabilities	\$1,227,475	\$ 45,140	\$155,390	\$1,117,225	\$155,390

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2017 consist of the following:

Due to/from other funds:

Due to General Fund from the Water and Sewer Fund	\$17,136
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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, 2017

D. Fund Balance

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

Total fund balance-General Fund	\$2,031,482
Less:	
Inventories	-
Stabilization by State Statute	160,906
Streets-Powell Bill	100,938
Appropriated Fund Balance in 2017 budget	500,000
Working Capital/Fund Balance Policy	943,655
Remaining Fund Balance	325,983

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, 2017, 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, 2017. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreement. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VI. Subsequent Events

Town administrative staff has evaluated subsequent events through December 8, 2017, the date the financial statements were available to be issued. The ABC Board management has evaluated subsequent events through September 27, 2017, 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 Four Fiscal Years

Local Government Employees' Retirement System

	2017	2016	2015	2014
Mount Pleasant's proportion of the net pension liability (asset) (%)	0.00420%	0.00320%	(0.00528%)	0.00510%
Mount Pleasant's proportion of the net pension liability (asset) (\$)	\$ 17,123	\$ 14,361	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 286,972	\$ 312,741	\$ 298,171	\$ 234,569
Mount Pleasant's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.97%	4.59%	(10.44%)	26.21%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 37,241	\$ 18,928	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	<u>37,241</u>	<u>18,928</u>	<u>24,671</u>	<u>21,081</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Mount Pleasant's covered-employee payroll	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171
Contributions as a percentage of covered-employee payroll	13.39%	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, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes			
Taxes	\$ 700,044	\$ 705,082	\$ 5,038
Penalties and interest	4,000	3,362	(638)
Total	<u>704,044</u>	<u>708,444</u>	<u>4,400</u>
Unrestricted intergovernmental			
Local option sales tax	201,275	231,861	30,586
Utility sales tax	56,000	79,418	23,418
Telecommunications sales tax	24,500	17,558	(6,942)
Local video program tax	19,000	19,098	98
Beer and wine taxes	7,000	7,948	948
Total	<u>307,775</u>	<u>355,883</u>	<u>48,108</u>
Sales, permits, and fees			
Solid waste fees	1,000	3,996	2,996
Recycling fees	18,000	12,702	(5,298)
Permits and fees	3,000	2,358	(642)
Total	<u>22,000</u>	<u>19,056</u>	<u>(2,944)</u>
Restricted intergovernmental-grants			
Solid waste disposal tax	1,000	1,179	179
FEMA grant	-	10,477	10,477
Powell Bill allocation	47,520	49,545	2,025
Total	<u>48,520</u>	<u>61,201</u>	<u>12,681</u>
Restricted intergovernmental-public safety			
NC Fire Protection grant	-	1,106	1,106
Cabarrus Co. EMS grant	-	1,000	1,000
Contract fire-Cabarrus Co.	412,393	420,232	7,839
Contract fire-Cabarrus Co tax distribution	84,609	125,521	40,912
Total	<u>497,002</u>	<u>547,859</u>	<u>50,857</u>
Investment earnings	<u>-</u>	<u>380</u>	<u>380</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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Other revenues			
Rent and other	21,600	28,880	7,280
Private contributions	-	4,875	4,875
Farmers market fee	-	40	40
Miscellaneous	5,000	772	(4,228)
Events revenue	-	35,201	35,201
Fines	-	400	400
	<u>26,600</u>	<u>70,168</u>	<u>43,568</u>
Total	<u>26,600</u>	<u>70,168</u>	<u>43,568</u>
Total revenues	<u>1,605,941</u>	<u>1,762,991</u>	<u>157,050</u>
Expenditures			
General government			
Town Hall			
Contracted services	9,000	10,087	(1,087)
Utilities	19,000	12,322	6,678
Maintenance and repairs-building	3,000	6,256	(3,256)
Insurance-property and casualty	31,000	24,122	6,878
Telephone	8,700	6,433	2,267
Cleaning supplies	500	434	66
Capital outlay building	70,000	53,052	16,948
	<u>141,200</u>	<u>112,706</u>	<u>28,494</u>
Total	<u>141,200</u>	<u>112,706</u>	<u>28,494</u>
Governing body			
Mayor-stipend	7,800	7,800	-
Board member stipend	15,000	15,000	-
Social security	1,750	1,698	52
Education and travel	500	1,124	(624)
Cabarrus Economic Development	2,000	2,000	-
Cabarrus Rowan MPO	500	215	285
Centralina Council of Governments	-	(125)	125
	<u>27,550</u>	<u>27,712</u>	<u>(162)</u>
Total	<u>27,550</u>	<u>27,712</u>	<u>(162)</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, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration and Finance			
Salaries and wages	47,000	41,260	5,740
Salaries and wages-longevity	1,000	750	250
Health insurance	7,863	7,863	-
Employee wellness center	1,350	1,328	22
Health reimbursement account	3,873	12,763	(8,890)
Insurance-dental/vision	458	458	-
Health insurance-misc	3,193	3,193	-
Social security	3,560	4,357	(797)
Employee benefits-retirement	3,375	5,666	(2,291)
Employee benefits-401k	2,162	567	1,595
Dues and subscriptions	4,000	3,190	810
Education and travel	11,000	4,017	6,983
Insurance-workman's comp	2,100	2,100	-
Attorney fees	25,000	19,707	5,293
Auditor fees	17,000	16,000	1,000
Tax collection expense	16,750	5,355	11,395
Contracted services	30,000	32,856	(2,856)
Communications-mobile	1,800	1,840	(40)
Advertising	1,500	(368)	1,868
Office supplies and postage	4,000	3,353	647
Computers and software	10,000	9,918	82
Office staff uniforms	1,900	823	1,077
Miscellaneous	4,252	4,321	(69)
Total	<u>203,136</u>	<u>181,317</u>	<u>21,819</u>
Planning and development			
Salaries and wages	7,500	6,263	1,237
Planning board stipend	7,200	7,200	-
Health insurance	789	789	-
Health reimbursement account	389	-	389
Insurance-dental/vision	68	68	-
Social security	575	1,036	(461)
Employee benefits-retirement	550	878	(328)
Employee benefits-401k	144	97	47
Education and travel	250	-	250
Contracted services-planning	43,000	37,174	5,826
Comprehensive plan project	40,000	13,376	26,624
Advertising	1,500	1,663	(163)
Department supplies and postage	500	86	414
Total	<u>102,465</u>	<u>68,630</u>	<u>33,835</u>
Total general government	<u>474,351</u>	<u>390,365</u>	<u>83,986</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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Public safety			
Law enforcement			
Contract services-Cabarrus County	135,000	132,193	2,807
Contract services	1,500	-	1,500
Maintenance and repair -vehicles and equipment	4,000	6,502	(2,502)
Departmental supplies and postage	500	216	284
Fuel	8,000	7,560	440
Capital outlay-vehicles and equipment	15,000	12,488	2,512
Total	<u>164,000</u>	<u>158,959</u>	<u>5,041</u>
Fire department			
Salaries and wages	300,000	293,835	6,165
Pay per call	-	-	-
Health insurance	1,015	1,015	-
Health reimbursement account	500	250	250
Insurance-dental/vision	87	87	-
Social security	23,000	22,094	906
Employee benefits-retirement	5,000	673	4,327
Employee benefits-pension	2,500	-	2,500
Employee benefits-401k	176	153	23
Dues and subscriptions	2,000	3,163	(1,163)
Education and travel	1,500	564	936
Firemen's physicals	3,000	1,090	1,910
Insurance-workman's comp	18,000	4,700	13,300
On-behalf of benefits	-	-	-
Auditing services	2,100	-	2,100
Contracted services	750	354	396
Utilities	13,000	9,696	3,304
Maintenance and repairs-building	10,000	5,647	4,353
Maintenance and repairs-vehicles and equipment	38,000	33,044	4,956
Insurance-property and casualty	20,000	17,660	2,340
Telephone	3,500	5,541	(2,041)
Communications-mobile	2,500	2,709	(209)
Departmental supplies and materials	1,500	1,097	403
Office supplies	2,000	248	1,752
Fire and rescue supplies	17,500	17,894	(394)
Uniforms	5,500	5,658	(158)
EMS supplies	2,000	1,755	245
Computers and software	4,500	150	4,350
Personal protective gear	18,000	15,169	2,831
Fuel	15,000	10,119	4,881
Capital outlay-vehicles & equipment	18,000	12,429	5,571
Miscellaneous	4,000	3,594	406
Total	<u>534,628</u>	<u>470,388</u>	<u>64,240</u>
Total public safety	<u>698,628</u>	<u>629,347</u>	<u>69,281</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, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public works			
Public works facilities general			
Contracted services	1,000	699	301
Utilities	33,000	34,642	(1,642)
Maintenance and repairs-building	500	287	213
Insurance property and casualty	2,500	2,665	(165)
Telephone	1,200	703	497
Department supplies & postage	200	136	64
	<u>38,400</u>	<u>39,132</u>	<u>(732)</u>
Streets			
Salaries	24,000	24,054	(54)
Health insurance	2,989	2,989	-
Health reimbursement account	1,472	-	1,472
Insurance-dental/vision	257	257	-
Social security	1,900	1,882	18
Employee benefits-retirement	1,800	3,403	(1,603)
Employee benefits-401k	338	297	41
Education and travel	200	235	(35)
Insurance-workman's comp	4,200	2,200	2,000
Snow and ice removal	1,500	2,083	(583)
Maintenance and repairs-vehicles and equipment	8,000	8,955	(955)
Maintenance and repairs-sidewalks	-	763	(763)
Departmental supplies and materials	5,000	3,885	1,115
Fuel	7,000	5,743	1,257
Powell Bill expenditures	48,000	55,588	(7,588)
	<u>106,656</u>	<u>112,334</u>	<u>(5,678)</u>
Sanitation			
Salaries and wages	-	101	(101)
Salaries and wages-part time	2,000	6,171	(4,171)
Social security	153	498	(345)
Employee benefits-retirement	-	70	(70)
Contract services-recycling	19,000	13,280	5,720
Contract services	70,000	66,528	3,472
Landfill fees	30,000	10,277	19,723
Maintenance and repairs-vehicles and equipment	-	(345)	345
Departmental supplies and postage	2,000	2,958	(958)
Fuel	-	267	(267)
	<u>123,153</u>	<u>99,805</u>	<u>23,348</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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Buildings and grounds			
Salaries	45,000	38,584	6,416
Health insurance	5,463	5,463	-
Health reimbursement account	2,691	-	2,691
Insurance-dental/vision	470	470	-
Social security	3,400	2,849	551
Employee benefits-retirement	3,300	5,152	(1,852)
Employee benefits-401k	649	449	200
Insurance-workman's comp	2,750	1,133	1,617
Maintenance and repairs-vehicles and equipment	100	61	39
Departmental supplies and postage	1,750	1,425	325
Fuel	150	-	150
Total	65,723	55,586	10,137
Total public works	333,932	306,857	27,075
Cultural and recreational			
Recreation advisory board	-	-	-
Recreation advisory board FICA	-	-	-
Park maintenance	15,000	10,150	4,850
Senior games	100	-	100
Mt Pleasant beautification	6,500	5,941	559
CVAN-Battered Shelter	500	-	500
Cabarrus Arts Council	850	850	-
Eastern Cabarrus Historical Society	500	-	500
Cabarrus Health Alliance	500	420	80
Youth council	12,500	10,717	1,783
Independence day celebration	15,000	13,183	1,817
Christmas parade	750	576	174
Charitable contribution	1,000	1,000	-
Christmas decorations	1,000	80	920
Events expense	-	33,143	(33,143)
Total cultural and recreational	54,200	76,060	(21,860)
Debt service			
Principal	54,159	48,179	5,980
Interest	10,671	10,997	(326)
Total debt service	64,830	59,176	5,654
Total expenditures	1,625,941	1,461,805	164,136
Revenues over (under) expenditures	(20,000)	301,186	321,186

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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Other financing sources (uses)			
Transfer to capital projects fund	(90,000)	(10,400)	79,600
Sale of capital assets	-	6,010	6,010
Insurance recovery	-	5,392	5,392
	(90,000)	1,002	91,002
Total	(90,000)	1,002	91,002
Fund balance appropriated	110,000	-	(110,000)
Net change in fund balance	\$ -	302,188	\$ 302,188
Fund balances			
Fund balances, beginning		1,729,294	
Fund balances, ending		\$ 2,031,482	

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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services			
Water and sewer charges	\$ 954,330	\$ 979,481	\$ 25,151
Water and sewer taps	10,000	33,083	23,083
Other operating revenues	22,500	34,785	12,285
Total operating revenues	<u>986,830</u>	<u>1,047,349</u>	<u>60,519</u>
Nonoperating revenues			
Investment earnings	-	281	281
Total nonoperating revenues	<u>-</u>	<u>281</u>	<u>281</u>
Total revenues	<u>986,830</u>	<u>1,047,630</u>	<u>60,800</u>
Expenditures			
Billing and water sewer administration			
Salaries and wages	69,000	65,127	3,873
Salaries and wages part time	1,000	-	1,000
Salaries and wages longevity	-	1,400	(1,400)
Health insurance	10,637	10,401	236
Employee wellness center	1,350	1,589	(239)
Health reimbursement account	5,239	50	5,189
Insurance-dental/vision	697	697	-
Health insurance-misc	4,435	4,589	(154)
Social security	5,000	5,995	(995)
Employee benefits-retirement	5,000	8,772	(3,772)
Employee benefits-401k	1,056	953	103
Dues and subscriptions	1,500	1,730	(230)
Insurance-workman's comp	7,000	9,400	(2,400)
Contracted services-engineer	20,000	9,879	10,121
Contracted services-administration	15,000	14,279	721
Equipment lease	700	411	289
Transaction processing fees	7,300	8,391	(1,091)
Communications-mobile	2,000	2,215	(215)
Office supplies and postage	8,500	11,938	(3,438)
Deposit refunds	2,000	767	1,233
Uniforms	3,000	2,766	234
Bad debt provision	-	5,340	(5,340)
Total billing and administrative	<u>170,414</u>	<u>166,689</u>	<u>3,725</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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Public Works Facility-Water and Sewer			
Contracted services	500	-	500
Utilities	10,000	8,397	1,603
Maintenance and repairs-building	500	80	420
Insurance-property and casualty	2,400	-	2,400
Telephone	3,815	4,206	(391)
Office supplies	-	-	-
Capital outlay-building	50,000	68,363	(18,363)
Total public works facility	67,215	81,046	(13,831)
Expenditures-continued			
Water distribution			
Salaries and wages	48,000	48,868	(868)
Health insurance	5,985	6,858	(873)
Health reimbursement account	2,906	-	2,906
Insurance-dental/vision	508	508	-
Social security	3,700	3,685	15
Employee benefits-retirement	3,500	6,663	(3,163)
Employee benefits-401k	712	544	168
Education and travel	1,000	529	471
Attorney fees	-	(875)	875
Contracted services	-	-	-
Water purchase	260,000	247,782	12,218
Maintenance and repairs-vehicles and equip.	1,000	628	372
Maintenance and repairs-water lines	15,000	16,246	(1,246)
Maintenance and repairs-meters	5,000	5,691	(691)
Dredging expense	-	-	-
Departmental supplies	6,500	6,381	119
Fuel	750	2,029	(1,279)
Capital outlay-infrastructure	10,000	6,155	3,845
Capital outlay-vehicles and equipment	10,000	10,000	-
Miscellaneous	1,500	1,641	(141)
Total water distribution	376,061	363,333	12,728

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, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
Sewer collection			
Salaries and wages	49,000	48,613	387
Health insurance	5,952	6,852	(900)
Health reimbursement account	2,931	100	2,831
Insurance-dental/vision	512	512	-
Social security	3,700	3,666	34
Employee benefits-retirement	3,550	6,636	(3,086)
Employee benefits-401k	717	547	170
Education and travel	500	153	347
Sewage treatment	160,200	163,657	(3,457)
WSACC capacity reimbursement	-	-	-
Maintenance and repairs-vehicles and equip.	1,000	554	446
Maintenance and repairs-sewer lines	10,000	12,953	(2,953)
Maintenance and repairs-pump station	12,000	10,959	1,041
Departmental supplies	2,500	2,296	204
Fuel	500	174	326
Capital outlay-vehicles and equipment	76,000	74,758	1,242
Miscellaneous	1,560	1,598	(38)
Total sewer collection	<u>330,622</u>	<u>334,028</u>	<u>(3,406)</u>
Expenditures-continued			
Debt service			
Interest	33,126	32,789	337
Principal retirement	155,392	155,390	2
Total debt service	<u>188,518</u>	<u>188,179</u>	<u>339</u>
Total expenditures	<u>1,132,830</u>	<u>1,133,275</u>	<u>(445)</u>
Revenues over (under) expenditures	<u>(146,000)</u>	<u>(85,645)</u>	<u>60,355</u>
Other financing sources (uses):			
Fund balance appropriated	<u>146,000</u>	<u>-</u>	<u>(146,000)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>(85,645)</u>	<u>\$ (85,645)</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, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Reconciliation from budgetary basis (modified accrual) to full accrual			
Revenues over expenditures		<u>(85,645)</u>	
Reconciling items			
Transfer to capital projects fund		-	
Decrease in accrued interest		762	
Principal retirement		155,390	
Capital outlay		153,121	
Decrease in net pension asset			
Increase in deferred outflows of resources-pensions		49,465	
Increase in net pension liability		(45,140)	
Decrease in deferred inflows of resources-pensions		2,146	
Depreciation		<u>(119,771)</u>	
Total reconciling items		<u>195,973</u>	
Change in net position		<u>\$ 110,328</u>	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 CAPITAL PROJECT-CAPITAL RESERVE FUND - GENERAL FUND
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ -	\$5	\$ 5	\$ 5
Total revenues	-	-	5	5	5
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)	-	26,511	-	26,511	26,511
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 26,511</u>	<u>\$ 5</u>	<u>\$ 26,516</u>	<u>\$ 26,516</u>

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, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ -	2	\$ 2	\$ 2
Total revenues	-	-	2	2	2
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	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 2</u>	<u>\$ 10,002</u>	<u>\$ 10,002</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 CAPITAL PROJECT-FIRE DEPARTMENT FACILITY - GENERAL FUND
 STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
 From Inception and For the Fiscal Year Ended June 30, 2017

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ -	\$ 17	\$ 17	\$ 17
Total revenues	-	-	17	17	17
Expenditures					
Building construction	1,300,000	-	-	-	1,300,000
Parking lot construction	100,000	-	-	-	100,000
Engineering and architect fees	112,000	-	32,800	32,800	79,200
Contingency	130,000	-	242	242	129,758
Total expenditures	1,642,000	-	33,042	33,042	1,608,958
Revenues over (under) expenditures	(1,642,000)	-	(33,025)	(33,025)	1,608,975
Other financing sources (uses)					
Transfer from General Fund	242,000	85,433	10,400	95,833	(146,167)
Proceeds from installment borrowing	1,400,000	-	-	-	(1,400,000)
Total other financing sources (uses)	1,642,000	85,433	10,400	95,833	(1,546,167)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 85,433	\$ (22,625)	\$ 62,808	\$ 62,808

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2017

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017		\$ 707,882	\$ 691,343	\$ 16,539
2015-2016	\$ 11,819	-	10,652	1,167
2014-2015	2,545	-	1,809	736
2013-2014	2,135	-	1,027	1,108
2012-2013	2,027	-	1,281	746
2011-2012	1,792	-	561	1,231
2010-2011	710	-	126	584
2009-2010	491	-	79	412
2008-2009	480	-	35	445
2007-2008	498	-	45	453
2006-2007	276	-	276	-
	<u>\$ 22,773</u>	<u>\$ 707,882</u>	<u>\$ 707,234</u>	23,421

Less allowance for uncollectible accounts:

General Fund

703

Ad valorem taxes receivable-net

22,718

Reconciliation with revenues:

Ad valorem taxes - General Fund

705,082

Reconciling items

Interest collected

(3,362)

Prior year abatements

5,348

Taxes written off

166

Total collections and credits

\$ 707,234

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2017

	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	\$ 140,962,248	\$.505	\$ 711,100	\$ 646,505	\$ 64,595
Penalties	-		271	271	-
Total	<u>140,962,248</u>		<u>711,371</u>	<u>646,776</u>	<u>64,595</u>
Discoveries:					
Current year taxes	334,265	.505	1,688	1,688	-
Prior year taxes	-		597	597	-
Penalties	-		154	154	-
Total	<u>334,265</u>		<u>2,439</u>	<u>2,439</u>	<u>-</u>
Releases	<u>(1,386,109)</u>		<u>(5,928)</u>	<u>(5,928)</u>	<u>-</u>
Total property valuation	<u><u>\$ 139,910,404</u></u>				
Net levy			707,882	643,287	64,595
Uncollected taxes at June 30, 2017			<u>(16,539)</u>	<u>(16,539)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 691,343</u>	<u>\$ 626,748</u>	<u>\$ 64,595</u>
Current levy collection percentage			<u>97.66%</u>	<u>97.43%</u>	<u>100.00%</u>