

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

**For the Fiscal Year Ended
June 30, 2018**

Town Board of Commissioners:

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

Administrative and Financial Staff:

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

SHERRILL & SMITH

Certified Public Accountants
A Professional Association
Salisbury, North Carolina

TOWN OF MOUNT PLEASANT
NORTH CAROLINA
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June 30, 2018

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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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. The financial statements of the Town of Mount Pleasant ABC Board were not audited in accordance with *Government Auditing Standards*.

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, 2018, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018, on our consideration of the Town of Mount Pleasant's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mount Pleasant's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mount Pleasant's internal control over financial reporting and compliance.

Sherrill & Smith, CPAs, PA
Salisbury, North Carolina
September 26, 2018

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, 2018. 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 2018-2019 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:

- Two single-family residential infill developments are proposed.
- The Town has welcomed five new businesses during FY 2017-2018.
- The sale of a twenty-seven acre site should not only generate a property value in excess of \$10,000,000 but will be mixed use creating jobs and retail/activities.
- 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.
- Our recent Comprehensive Plan serves as a guideline for decisions and developers.

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

- The replacement of our Main Street water line will increase water flow to not only residents but center-city businesses. We are researching funding opportunities.
- CIP Update
- Summer Street sewer pump station expansion/update development plan

Town Highlights for FY 2018-2019

- The Town Board approved joining with the North Carolina State Health Plan due significant projected increase in health care costs.
- A new Municipal Playground was constructed at Town Hall and has been widely received as a gathering place for community children.

Management Discussion and Analysis

Town of Mount Pleasant

- Assumed ownership of Mount Pleasant Water Treatment Plant from WSACC, and we made necessary repairs and replacement to various facilities at and around the Water Treatment Plant. We also replaced various pumps and cleaned out the lagoon associated with the Water Treatment Plant.
- We repaired and upgraded our water tanks.
- The Town continues to replace vehicles in the Public Works fleet replacing a 20-year-old truck.
- The Town of Mount Pleasant partnered with local developers to sell a historic building, which had been donated to the Town. The building had significant structural damage due to termites, water damage, and electrical code compliance. The Town offered economic incentives to increase business.
- The Town Board also approved constructing a new municipal parking lot on North Main Street, keeping in the vision of the Town's comprehensive plan.
- The Town hired a part-time Code Enforcement Officer.
- Additional street lighting was added to improve safety to our center-city area. This project is also stated in the Town's comprehensive plan.

Financial Highlights

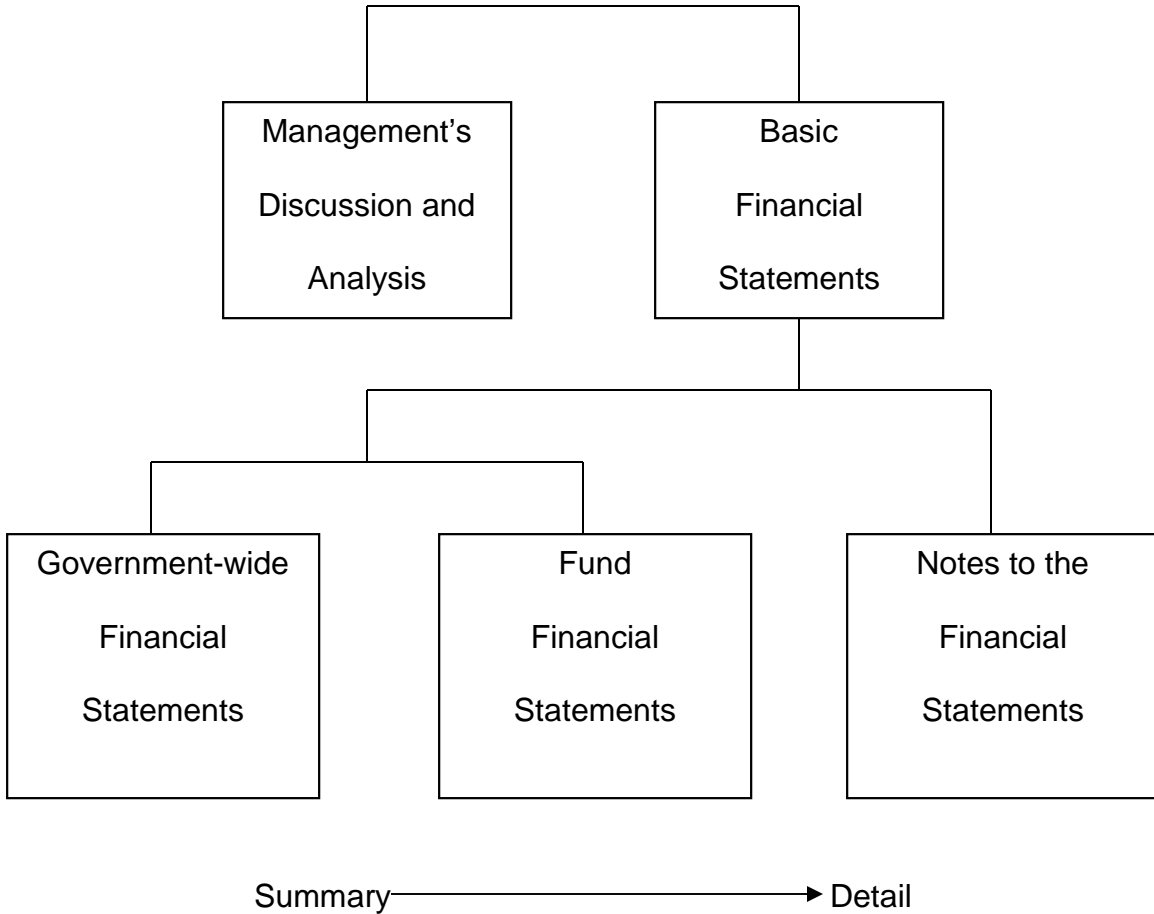
- The assets and deferred outflows of resources of the Town of Mount Pleasant *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,848,918 (***net position***).
- The government's total net position *decreased* by \$93,771.
- As of the close of the current fiscal year, the Town of Mount Pleasant's governmental funds reported combined ending fund balances of \$1,748,981 a *decrease* of \$371,825 in comparison with the prior year. Approximately 79% of this total amount, or \$1,375,897, 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 \$1,375,897 or 51 % of total general fund expenditures for the fiscal year.
- The Town of Mount Pleasant's total debt *decreased* by \$228,563 (15%) 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.

Management Discussion and Analysis
Town of Mount Pleasant

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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,884,626	\$ 2,200,084	\$ 820,675	\$ 1,039,701	\$ 2,705,301	\$ 3,239,785
Capital assets	3,041,858	2,711,969	3,526,978	3,613,386	6,568,836	6,325,355
Deferred outflow s of resources	36,472	40,963	57,966	59,600	94,438	100,563
Non-current assets	-	-	-	-	-	-
Total assets and deferred outflow s of resources	4,962,956	4,953,016	4,405,619	4,712,687	9,368,575	9,665,703
Long-term liabilities outstanding	284,732	334,862	753,616	909,006	1,038,348	1,243,868
Non-current liabilities	25,252	36,310	40,135	52,829	65,387	89,139
Other liabilities	136,896	102,816	273,415	278,242	410,311	381,058
Deferred inflow s of resources	2,167	3,645	3,444	5,304	5,611	8,949
Total liabilities and deferred inflow s of resources	449,047	477,633	1,070,610	1,245,381	1,519,657	1,723,014
Net position:						
Net investment in capital assets	2,725,764	2,347,004	2,617,972	2,548,990	5,343,736	4,895,994
Restricted	345,084	351,167	-	10,002	345,084	361,169
Unrestricted	1,443,061	1,777,212	717,037	908,314	2,160,098	2,685,526
Total net position	\$ 4,513,909	\$ 4,475,383	\$ 3,335,009	\$ 3,467,306	\$ 7,848,918	\$ 7,942,689

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 \$7,842,918 as of June 30, 2018. The Town of Mount Pleasant net position *decreased* by \$99,771 for the fiscal year ended June 30, 2018. However, the largest portion (68%) 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, \$345,084 (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,160,098 (28%) 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:

- Construction of new Municipal Parking Lot
- Construction of new Municipal Playground

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

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 30,699	\$ 19,055	\$ 1,071,032	\$ 1,047,349	\$ 1,101,731	\$ 1,066,404
Operating grants and contributions	1,102,032	609,060	-	-	1,102,032	609,060
General revenues:						
Property taxes	746,668	708,433	-	-	746,668	708,433
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	366,337	355,882	-	-	366,337	355,882
Other	96,584	81,982	501	282	97,085	82,264
Total revenues	2,342,320	1,774,412	1,071,533	1,047,631	3,413,853	2,822,043
Expenses:						
General government	444,638	352,672	-	-	444,638	352,672
Public safety	1,270,412	736,343	-	-	1,270,412	736,343
Public works	408,239	332,654	-	-	408,239	332,654
Culture and recreational	53,586	76,060	-	-	53,586	76,060
Interest on long-term debt	9,445	10,805	-	-	9,445	10,805
Water and sewer	-	-	1,203,830	937,301	1,203,830	937,301
Total expenses	2,186,320	1,508,534	1,203,830	937,301	3,390,150	2,445,835
Change in net position before special item	156,000	265,878	(132,297)	110,330	23,703	376,208
Special item-loss on sale of real estate	(117,474)	-	-	-	(117,474)	-
Change in net position	38,526	265,878	(132,297)	110,330	(93,771)	376,208
Net position, beginning	4,475,383	4,209,505	3,467,306	3,356,976	7,942,689	7,566,481
Net position, June 30	\$ 4,513,909	\$ 4,475,383	\$ 3,335,009	\$ 3,467,306	\$ 7,848,918	\$ 7,942,689

Governmental activities: Governmental activities *increased* the Town of Mount Pleasant's net position by \$38,526.

Management Discussion and Analysis

Town of Mount Pleasant

Business-type activities: Business-type activities *decreased* the Town of Mount Pleasant's net position by \$132,297. Key elements of this decrease are as follows:

- Water Tank repair

Financial Analysis of the Town of Mount Pleasant Funds

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

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

The general fund is the chief operating fund of the Town of Mount Pleasant. At the end of the current fiscal year, unreserved / unassigned fund balance of the General Fund was \$1,375,897, while total fund balance reached \$1,630,642. 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 51% of general fund expenditures, while total fund balance represents 61% of total General Fund expenditures.

At June 30, 2018, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$1,748,981, a net decrease in fund balance of \$371,825. Included in this change in fund balance are decreases in fund balance in the General Fund and an increase of \$10,015 in the Capital Reserve Funds.

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

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

Management Discussion and Analysis
Town of Mount Pleasant

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 \$717,037. The total decrease in net assets for the fund was \$132,297.

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, 2018, totals \$6,568,836 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Capital asset transactions during the year include the following:

- Continued to refine the capital project to renovate and expand the Fire Department building to provide for more efficient utilization of the Town’s resources and enhanced fire protection. Project was put on a temporary hold in November 2018.

Town of Mount Pleasant’s Capital Assets

Figure 3

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 237,842	\$ 431,202	\$ -	\$ -	\$ 237,842	\$ 431,202
Construction in progress	124,076	35,516	-	-	124,076	35,516
Land improvements	402,412	-	-	-	402,412	-
Buildings and systems	1,085,034	1,084,275	3,409,103	3,484,921	4,494,137	4,569,196
Machinery and equipment	147,245	37,427	101,279	107,126	248,524	144,553
Infrastructure	176,464	185,169	-	-	176,464	185,169
Vehicles and motorized equipment	868,785	938,380	16,596	21,339	885,381	959,719
Total	\$ 3,041,858	\$ 2,711,969	\$ 3,526,978	\$ 3,613,386	\$ 6,568,836	\$ 6,325,355

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

Management Discussion and Analysis
Town of Mount Pleasant

Long-term Debt. As of June 30, 2018, the Town of Mount Pleasant had total debt outstanding of \$1,308,705. 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	
	2018	2017	2018	2017	2018	2017
Installment Purchases	\$ 316,094	\$ 364,965	\$ 909,006	\$ 1,064,396	\$ 1,225,100	\$ 1,429,361
Compensated Absences	18,218	18,768	-	-	18,218	18,768
Net Pension Liability	25,252	36,310	40,135	52,829	65,387	89,139
Total	\$ 359,564	\$ 420,043	\$ 949,141	\$ 1,117,225	\$ 1,308,705	\$ 1,537,268

The Town of Mount Pleasant’s total debt *decreased* by \$228,563 (15%) 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, 2018, the legal debt margin for Town of Mount Pleasant is \$10,481,816.

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, 2019

Governmental Activities

- Tax rate will remain unchanged at .505 per \$100 value
- Pay increase of a \$500 lump sum for all full time employees.
- Increase Town's 401K contribution to 4% for all full time employees with a maximum of 5% as future budgets allow.
- Continue to outsource solid waste and recycling services with a three (3%) increase. Also approved was \$12,000 to begin replacing old recycling cans (3-year replacement project.)
- Approved a one-time sum of \$18,000 to contract with Benchmark to update the Town's Code of Ordinances and develop/update the Capital Improvement Plan for increased Code Enforcement.

Management Discussion and Analysis

Town of Mount Pleasant

- Approved a Facade Improvement Plan that was included in the approved Comprehensive Plan

Business – type Activities: Board approved to increase the water and sewer rates by 5%. Three percent of this increase will go to WSACC as they have increased our rates

Requests for Information

This report is designed to provide an overview of the **Town of Mount Pleasant** finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to 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, 2018

Exhibit 1

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,578,665	\$ 615,394	\$ 2,194,059	\$ 122,059
Taxes receivables (net)	21,779	-	21,779	-
Accrued interest receivable on taxes	3,818	-	3,818	-
Accounts receivable	3,040	133,680	136,720	-
Internal balances	52	(52)	-	-
Due from other governments	182,094	-	182,094	-
Due from component unit	20,615	-	20,615	-
Inventories	-	-	-	94,023
Prepaid items	-	-	-	5,165
Restricted cash	74,563	71,653	146,216	-
Total current assets	1,884,626	820,675	2,705,301	221,247
Non-current assets				
Capital assets				
Land, non-depreciable improvements and construction in progress	361,917	-	361,917	-
Other capital assets net of depreciation	2,679,941	3,526,978	6,206,919	4,775
Total capital assets	3,041,858	3,526,978	6,568,836	4,775
Total assets	4,926,484	4,347,653	9,274,137	226,022
Deferred outflows of resources				
Pension deferrals	36,472	57,966	94,438	10,586
Total deferred outflows of resources	36,472	57,966	94,438	10,586
Liabilities				
Current liabilities:				
Accounts payable & accrued liabilities	79,886	27,718	107,604	38,528
Advances from grantors	6,269	-	6,269	-
Accrued interest payable	1,161	4,388	5,549	-
Customer deposits	-	71,653	71,653	-
Due to primary government	-	-	-	20,615
Due to other governments	-	-	-	27,015
Current portion of long-term liabilities	49,580	155,390	204,970	-
Total current liabilities	136,896	259,149	396,045	86,158
Long-term liabilities:				
Net pension liability	25,252	40,135	65,387	12,524
Due in more than one year	284,732	767,882	1,052,614	-
Total liabilities	446,880	1,067,166	1,514,046	98,682
Deferred inflows of resources				
Pension deferrals	2,167	3,444	5,611	1,918
Total deferred inflows of resources	2,167	3,444	5,611	1,918
Net position				
Net investment in capital assets	2,725,764	2,603,706	5,329,470	4,775
Restricted for:				
Capital projects	118,339	-	118,339	-
Stabilization by State Statute	185,134	-	185,134	-
Other functions	41,611	-	41,611	25,630
Unrestricted	1,443,061	731,303	2,174,364	105,603
Total net position	\$ 4,513,909	\$ 3,335,009	\$ 7,848,918	\$ 136,008

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, 2018

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	\$ 444,638	\$ -	\$ -	\$ -	\$ (444,638)	\$ -	\$ (444,638)	\$ -
Public safety	1,270,412	-	1,050,718	-	(219,694)	-	(219,694)	-
Public works	408,239	30,699	51,314	-	(326,226)	-	(326,226)	-
Cultural and recreational	53,586	-	-	-	(53,586)	-	(53,586)	-
Interest on long-term debt	9,445	-	-	-	(9,445)	-	(9,445)	-
Total governmental activities	<u>2,186,320</u>	<u>30,699</u>	<u>1,102,032</u>	<u>-</u>	<u>(1,053,589)</u>	<u>-</u>	<u>(1,053,589)</u>	<u>-</u>
Business-type activities								
Water and sewer	1,203,830	1,071,032	-	-	-	(132,798)	(132,798)	-
Total business-type activities	<u>1,203,830</u>	<u>1,071,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,798)</u>	<u>(132,798)</u>	<u>-</u>
Total primary government	<u>3,390,150</u>	<u>1,101,731</u>	<u>1,102,032</u>	<u>-</u>	<u>(1,053,589)</u>	<u>(132,798)</u>	<u>(1,186,387)</u>	<u>-</u>
Component unit								
ABC Board	854,039	862,302	-	-	-	-	-	8,263
Total component unit	<u>\$ 854,039</u>	<u>\$ 862,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,263</u>
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					746,668	-	746,668	-
Grants and contributions not restricted to specific programs					366,337	-	366,337	-
Unrestricted investment earnings					4,247	501	4,748	15
Miscellaneous, unrestricted					88,060	-	88,060	1,306
Gain on insurance recovery					4,277	-	4,277	-
Total general revenues not including special items					<u>1,209,589</u>	<u>501</u>	<u>1,210,090</u>	<u>1,321</u>
Special item-loss on sale of real estate					(117,474)	-	(117,474)	-
Total general revenues					<u>1,092,115</u>	<u>501</u>	<u>1,092,616</u>	<u>1,321</u>
Changes in net position					38,526	(132,297)	(93,771)	9,584
Net position, beginning					<u>4,475,383</u>	<u>3,467,306</u>	<u>7,942,689</u>	<u>126,424</u>
Net position, ending					<u>\$ 4,513,909</u>	<u>\$ 3,335,009</u>	<u>\$ 7,848,918</u>	<u>\$ 136,008</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

Exhibit 3

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,460,326	\$ 36,531	\$ 81,808	\$ 1,578,665
Restricted cash	74,563	-	-	74,563
Receivables (net)				
Property taxes	21,779	-	-	21,779
Accounts	3,040	-	-	3,040
Due from other funds	-	-	-	-
Due from other government	182,094	-	-	182,094
	<u>1,741,802</u>	<u>36,531</u>	<u>81,808</u>	<u>1,860,141</u>
Liabilities and fund balances				
Liabilities				
Accounts payable and accrued liabilities	46,933	-	-	46,933
Custody account liability	32,953	-	-	32,953
Advances from grantors	6,269	-	-	6,269
Law enforcement distribution refundable	3,226	-	-	3,226
	<u>89,381</u>	<u>-</u>	<u>-</u>	<u>89,381</u>
Deferred inflows of resources				
Property taxes receivable	21,779	-	-	21,779
	<u>21,779</u>	<u>-</u>	<u>-</u>	<u>21,779</u>
Fund balances				
Restricted				
Stabilization by State statute	185,134	-	-	185,134
Streets	41,611	-	-	41,611
Capital reserve	-	36,531	-	36,531
Capital project	-	-	81,808	81,808
Assigned				
Subsequent year's expenditures	28,000	-	-	28,000
Unassigned	1,375,897	-	-	1,375,897
	<u>1,630,642</u>	<u>36,531</u>	<u>81,808</u>	<u>1,748,981</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,741,802</u>	<u>\$ 36,531</u>	<u>\$ 81,808</u>	<u>\$ 1,860,141</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

Exhibit 3

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

Total fund balances governmental funds		\$ 1,748,981
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		
Gross capital assets at historical cost	\$ 5,680,849	
Accumulated depreciation	<u>(2,638,991)</u>	3,041,858
Net pension liability		(25,252)
Contributions to the pension fund in the current fiscal year are deferred outflows of resources on the Statement of Net Position		36,472
Other long-term assets (accrued interest receivable from taxes and due from other governments for ABC distributions) are not available to pay for current-period expenditures and, therefore, are deferred.		27,712
Liabilities for earned revenues considered deferred inflows of resources in fund statements		21,779
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt beginning	(364,965)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	<u>48,871</u>	(316,094)
Pension related deferrals		(2,167)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compenstated absences	(18,219)	
Accrued interest	<u>\$ (1,161)</u>	<u>(19,380)</u>
Net position of governmental activities		<u>\$ 4,513,909</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

Exhibit 4

	General Fund	Capital Reserve Fund	Capital Project Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 747,757	-	-	\$ 747,757
Unrestricted intergovernmental	366,337	-	-	366,337
Sales, permits, and fees	30,699	-	-	30,699
Restricted intergovernmental	51,314	-	-	51,314
Restricted intergovernmental-public safety	1,050,718	-	-	1,050,718
Investment earnings	4,197	15	35	4,247
Other revenues	64,221	-	-	64,221
Total revenues	<u>2,315,243</u>	<u>15</u>	<u>35</u>	<u>2,315,293</u>
Expenditures:				
Current				
General government	844,358	-	-	844,358
Public safety	1,164,158	-	91,035	1,255,193
Public works	423,579	-	-	423,579
Cultural and recreational	185,644	-	-	185,644
Debt service				
Principal	48,743	-	-	48,743
Interest	9,764	-	-	9,764
Total expenditures	<u>2,676,246</u>	<u>-</u>	<u>91,035</u>	<u>2,767,281</u>
Revenues over (under) expenditures	<u>(361,003)</u>	<u>15</u>	<u>(91,000)</u>	<u>(451,988)</u>
Other financing sources (uses):				
Transfers to capital projects	(120,000)	10,000	110,000	-
Proceeds from sale of assets	75,886	-	-	75,886
Insurance recovery	4,277	-	-	4,277
Total other financing sources (uses)	<u>(39,837)</u>	<u>10,000</u>	<u>110,000</u>	<u>80,163</u>
Net change in fund balance	(400,840)	10,015	19,000	(371,825)
Fund balances, beginning	<u>2,031,482</u>	<u>26,516</u>	<u>62,808</u>	<u>2,120,806</u>
Fund balances, ending	<u>\$ 1,630,642</u>	<u>\$ 36,531</u>	<u>\$ 81,808</u>	<u>\$ 1,748,981</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2018

Exhibit 4

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

Net changes in fund balances-total governmental funds	\$	(371,825)
<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	\$ 684,842	
Depreciation expense for governmental assets	(159,117)	
Cost of real estate sold	<u>(193,360)</u>	332,365
<p>Contributions to the pension plan in the current fiscal year not included on the Statement of Activities</p>		
		17,945
<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 component revenue measurable but not available	20,615	
Change in unavailable revenues for tax revenues	<u>75</u>	20,690
<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	48,743	
Decrease in accrued interest payable	<u>192</u>	48,935
<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>\$ (9,848)</u>	<u>(9,584)</u>
Total change in net position of governmental activities		<u>\$ 38,526</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, 2018

Exhibit 5

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 727,585	\$ 727,585	\$ 747,757	\$ 20,172
Unrestricted intergovernmental	333,500	333,500	366,337	32,837
Sales, permits and fees	24,000	24,000	30,699	6,699
Restricted intergovernmental	50,500	50,500	51,314	814
Restricted intergovernmental -public safety	518,613	1,103,743	1,050,718	(53,025)
Investment earnings	-	-	4,197	4,197
Other revenues	42,600	42,600	64,221	21,621
	1,696,798	2,281,928	2,315,243	33,315
Total revenues				
Expenditures:				
Current				
General government	800,606	842,865	844,358	(1,493)
Public safety	820,012	1,272,883	1,164,158	108,725
Public works	405,526	437,057	423,579	13,478
Cultural and recreational	156,850	188,364	185,644	2,720
Debt service				
Principal	54,159	49,159	48,743	416
Interest	9,645	9,645	9,764	(119)
	2,246,798	2,799,973	2,676,246	123,727
Total expenditures				
Revenues over (under) expenditures	(550,000)	(518,045)	(361,003)	157,042
Other financing sources (uses):				
Transfer to other funds	-	(120,000)	(120,000)	-
Proceeds from sale of assets	-	-	75,886	75,886
Insurance recovery	-	-	4,277	4,277
	-	(120,000)	(39,837)	80,163
Total other financing sources (uses)				
Fund balance appropriated	550,000	638,045	-	(638,045)
Net change in fund balances	\$ -	\$ -	(400,840)	\$ (400,840)
Fund balances, beginning			2,031,482	
Fund balances, ending			\$ 1,630,642	

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2018

Exhibit 6

Assets	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Current assets:			
Cash and cash equivalents	\$ 615,394	\$ -	\$ 615,394
Accounts receivable (net)	133,680	-	133,680
Restricted cash	71,653	-	71,653
Total current assets	<u>820,727</u>	<u>-</u>	<u>820,727</u>
Noncurrent assets			
Capital assets:			
Fixed assets (net)	3,526,978	-	3,526,978
Total noncurrent assets	<u>3,526,978</u>	<u>-</u>	<u>3,526,978</u>
Total assets	<u>4,347,705</u>	<u>-</u>	<u>4,347,705</u>
Deferred outflows of resources			
Pension deferrals	57,966	-	57,966
Total deferred outflows of resources	<u>57,966</u>	<u>-</u>	<u>57,966</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	32,106	-	32,106
Customer deposits	71,653	-	71,653
Due to other funds	52	-	52
Notes payable-current	155,390	-	155,390
Total current liabilities	<u>259,201</u>	<u>-</u>	<u>259,201</u>
Noncurrent liabilities:			
Net pension liability	40,135	-	40,135
Notes payable-noncurrent	767,882	-	767,882
Total noncurrent liabilities	<u>808,017</u>	<u>-</u>	<u>808,017</u>
Total liabilities	<u>1,067,218</u>	<u>-</u>	<u>1,067,218</u>
Deferred inflows of resources			
Pension deferrals	3,444	-	3,444
Total deferred inflows of resources	<u>3,444</u>	<u>-</u>	<u>3,444</u>
Net position			
Net investment in capital assets	2,603,706	-	2,603,706
Restricted for capital projects	-	-	-
Unrestricted	731,303	-	731,303
Total net position	<u>\$ 3,335,009</u>	<u>\$ -</u>	<u>\$ 3,335,009</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, 2018

Exhibit 7

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Operating revenues:			
Charges for services	\$ 1,015,900	\$ -	\$ 1,015,900
Water and sewer taps	14,925	-	14,925
Other operating revenues	40,207	-	40,207
Total operating revenues	<u>1,071,032</u>	<u>-</u>	<u>1,071,032</u>
Operating expenses:			
Billing and administration	161,646	-	161,646
Public works facility	16,995	-	16,995
Water distribtuion	96,279	-	96,279
Water treatment plant	484,595	-	484,595
Sewer collection	290,632	-	290,632
Depreciation	125,838	-	125,838
Total operating expenses	<u>1,175,985</u>	<u>-</u>	<u>1,175,985</u>
Operating income (loss)	<u>(104,953)</u>	<u>-</u>	<u>(104,953)</u>
Nonoperating revenues (expenses):			
Investment earnings	498	3	501
Interest paid on long-term debt	(27,845)	-	(27,845)
Net nonoperating revenues (expenses)	<u>(27,347)</u>	<u>3</u>	<u>(27,344)</u>
Income (loss) before contribuitons and transfers	(132,300)	3	(132,297)
Transfer to other funds	10,005	(10,005)	-
Change in net position	(122,295)	(10,002)	(132,297)
Total net position, beginning	<u>3,457,304</u>	<u>10,002</u>	<u>3,467,306</u>
Total net position, ending	<u>\$ 3,335,009</u>	<u>\$ -</u>	<u>\$ 3,335,009</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2018

Exhibit 8

	Water and Sewer Fund	Capital Reserve Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 1,060,177	\$ -	\$ 1,060,177
Cash paid for goods and services	(792,447)	-	(792,447)
Cash paid to employees for services	(277,501)	-	(277,501)
Customer deposits received and returned	2,815	-	2,815
Net cash provided by (used in) operating activities	(6,956)	-	(6,956)
Cash flows from noncapital financing activities:			
Increase (decrease) in amounts due from General Fund	(17,084)	-	(17,084)
Interfund transfers	10,005	(10,005)	-
Net cash provided by (used in) capital and related financing activities	(7,079)	(10,005)	(17,084)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(39,430)	-	(39,430)
Principal paid on debt	(155,390)	-	(155,390)
Interest paid on debt	(28,607)	-	(28,607)
Net cash provided by (used in) capital and related financing activities	(223,427)	-	(223,427)
Cash flows from investing activities:			
Interest on investments	498	3	501
Net increase (decrease) in cash and cash equivalents	(236,964)	(10,002)	(246,966)
Cash and cash equivalents at beginning of year	924,011	10,002	934,013
Cash and cash equivalents at end of year	687,047	-	687,047
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	(104,953)	-	(104,953)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	125,838	-	125,838
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(10,856)	-	(10,856)
(Increase) decrease in deferred outflows of resources for pensions	1,633	-	1,633
Increase (decrease) in accounts payable and accrued liabilities	(21,145)	-	(21,145)
Increase (decrease) in customer deposits	2,815	-	2,815
Increase (decrease) in compensated absences	14,266	-	14,266
Increase (decrease) in net pension liability	(12,694)	-	(12,694)
Increase (decrease) in deferred inflows of resources for pensions	(1,860)	-	(1,860)
Total adjustments	97,997	-	97,997
Net cash provided by (used in) operating activities	\$ (6,956)	\$ -	\$ (6,956)

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018

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, 2018

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, 2018, 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, 2018

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. Custody funds held for the benefit of the towns firemen within the Firemen's Relief fund (see section IV) are also classified as restricted cash.

Restricted Cash		
Governmental Activities		
General Fund	Streets	\$41,611
	Public safety	32,952
		\$74,563
Business –type Activities		
Water and Sewer Fund	Customer deposits	\$71,653

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, 2018

7. Capital Assets-continued

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

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2018 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, 2018

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, 2018

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, 2018, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government by \$1,493; debt service interest by \$119. These over-expenditures occurred because of account miscoding not discovered prior to the fiscal year end.

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, 2018

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, 2018, the Town's deposits had a carrying amount of \$2,337,010 and a bank balance of \$2,431,405 of which \$289,067 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 \$122,059 and a bank balance of \$100,028 all of which was covered by federal depository insurance.

2. Investments

At June 30, 2018 the Town of Mount Pleasant had \$1,268 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, 2018.

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, 2018 is net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$743
Water and Sewer Fund	
Accounts receivable	<u>36,240</u>
Total	<u><u>\$36,983</u></u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 431,202	\$ -	\$ 193,360	\$ 237,842
Construction in progress	35,516	88,560	-	124,076
Total capital assets not being depreciated	<u>466,718</u>	<u>88,560</u>	<u>193,360</u>	<u>361,918</u>
Capital assets being depreciated:				
Buildings	1,665,716	42,547	-	1,708,263
Equipment	419,186	116,852	-	536,038
Land improvements	-	402,412	-	402,412
Vehicles and motorized equipment	2,512,689	31,996	133,624	2,411,061
Infrastructure	261,157	-	-	261,157
Total capital assets being depreciated	<u>4,858,748</u>	<u>593,807</u>	<u>133,624</u>	<u>5,318,931</u>
Less accumulated depreciation for:				
Buildings	581,440	41,789	-	623,229
Equipment	381,759	7,034	-	388,793
Land improvements	-	-	-	-
Vehicles and motorized equipment	1,574,310	101,590	133,624	1,542,276
Infrastructure	75,988	8,705	-	84,693
Total accumulated depreciation	<u>2,613,497</u>	<u>\$159,118</u>	<u>\$133,624</u>	<u>2,638,991</u>
Total capital assets being depreciated, net	<u>2,245,251</u>			<u>2,679,940</u>
Governmental activity capital assets, net	<u>\$2,711,969</u>			<u>\$3,041,858</u>

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

General government	\$ 22,523
Public safety	107,602
Public works	<u>28,993</u>
Total depreciation expense	<u>\$159,118</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

4. Capital Assets-continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Buildings	\$ 583,544	\$ 30,060	\$ -	\$ 613,604
Equipment	148,255	9,370	-	157,625
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	5,387,086	39,430	-	5,426,516
Less accumulated depreciation for:				
Buildings	83,007	13,543	-	96,550
Equipment	41,130	15,216	-	56,346
Motor vehicles	17,113	4,742	-	21,855
Water system	937,295	44,162	-	981,457
Sewer system	695,155	48,175	-	743,330
Total accumulated depreciation	1,773,700	\$ 125,838	\$ -	1,899,538
Total capital assets being depreciated, net	<u>3,613,386</u>			<u>3,526,978</u>
Business-type activities capital assets, net	<u>\$3,613,386</u>			<u>\$3,526,978</u>

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2018, 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	42,620	-	-	42,620
Less accumulated depreciation for:				
Furniture and equipment	19,705	1,660	-	21,365
Leasehold improvements	16,346	134	-	16,480
Total accumulated depreciation	36,051	\$ 1,794	\$ -	37,845
ABC, capital assets, net	<u>\$ 6,569</u>			<u>\$ 4,775</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018, was 13.64% of compensation for employees not in law enforcement, and the ABC Boards contribution rate was 7.20% 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 \$46,465 and for the ABC Board \$4,997 for the year ended June 30, 2018.

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, 2018

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, 2018, the Town and the ABC Board reported a liability of \$65,387 and \$12,524, respectively for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's and Board's proportion of the net pension liability was based on a projection of the Town's and Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.00428%, which was an increase of 0.00008% from its proportion measured as of June 30, 2016. At June 30, 2017, the ABC Board's proportion was 0.00082%, which was a decrease of 0.00021% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$25,500. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,767	\$ 1,851
Changes of assumptions	9,338	-
Net difference between projected and actual earnings on pension plan investments	15,876	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	18,992	3,760
Town contributions subsequent to the measurement date	46,465	-
Total	\$ 94,438	\$ 5,611

The Town reported \$46,465 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 6,910
2020	22,294
2021	14,383
2022	(1,226)
Total	\$ 42,361

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

a. Local Governmental Employees' Retirement System-continued

For the year ended June 30, 2018, the ABC Board recognized pension expense of \$3,870. At June 30, 2018, 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	\$ 722	\$ 355
Changes of assumptions	1,789	-
Net difference between projected and actual earnings on pension plan investments	3,042	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	36	1,563
Board contributions subsequent to the measurement date	4,997	-
Total	<u>\$ 10,586</u>	<u>\$ 1,918</u>

The ABC Board reported \$4,997 as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 185
2020	3,143
2021	1,482
2022	<u>(1,140)</u>
Total	<u>\$ 3,670</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 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, 2018

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, 2017 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 2016 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 7.20%. 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, 2018

a. Local Governmental Employees' Retirement System-continued

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.
 The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension liability or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 196,292	\$ 65,387	\$ (43,878)

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Board's proportionate share of the net pension liability (asset)	\$ 37,607	\$ 12,524	\$ (8,407)

b. Supplemental Retirement Income 401(k) Plan

1) Plan description:

The Town contributes to the Supplemental Retirement Income 401(k) Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

(2) Funding policy:

The Town of Mount Pleasant's policy is to contribute an amount equal to 3% of each employee's salary, and all amounts contributed are vested immediately. The town's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$22,845, which consisted of \$14,208 from the Town and \$8,637 from the employees. Contribution requirements are established and may be amended by the Town's Board of Commissioners.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

c. Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all of the Town's pension plans:

	<u>401(k)</u>	<u>LGERS</u>	<u>Total</u>
Pension expense	\$ 14,208	\$ 25,500	\$ 39,708
Pension liability	n/a	65,387	65,387
Proportionate share of the net pension liability	n/a	0.00428%	
 Deferred outflows of resources			
Difference between expected and actual experience	-	3,767	3,767
Changes of assumptions	-	9,338	9,338
Net difference between projected and actual earnings on plan investments	-	15,876	15,876
Changes in proportion and differences between contributions and proportional share of contributions	-	18,992	18,992
Benefit payments and administrative costs paid subsequent to the measurement date	-	46,465	46,465
			-
 Deferred inflows of resources			
Difference between expected and actual experience	-	1,851	1,851
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,760	3,760

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	\$ 46,465
Difference between expected and actual experience	3,767
Changes of assumptions	9,338
Net difference between projected and actual	15,876
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,992
Total	<u>\$ 94,438</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
 NOTES TO THE FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018

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)	\$ -0-	\$ 21,779
Difference between expected and actual experience	1,851	
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,760	
Total	\$ 5,611	\$ 21,779

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, 2018. 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, 2018.

At June 30, 2018, the Town of Mount Pleasant had a legal debt margin of \$10,481,816.

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018, including interest of \$40,831, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2019	\$ 73,094	\$ 11,666
2020	73,094	9,722
2021	73,094	7,777
2022	73,094	5,833
2023	73,094	3,889
2024	73,096	1,944
	\$438,566	\$40,831

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, 2018, including interest of \$32,936, are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2019	\$ 58,962	\$ 9,410
2020	58,962	7,842
2021	58,962	6,274
2022	58,962	4,705
2023	58,962	3,137
2024	58,963	1,568
	\$353,773	\$32,936

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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, 2018, including interest of \$22,099, are as follows:

<u>Year Ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 23,333	\$ 3,683
2020	23,333	3,014
2021	23,333	2,344
2022	23,333	1,674
2023	23,333	1,005
2024	23,335	334
	<u>\$140,000</u>	<u>\$12,054</u>

<u>Year Ending June 30</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 23,333	\$ 3,348
2020	23,333	2,679
2021	23,333	2,009
2022	23,333	1,339
2023	23,335	670
	<u>\$116,667</u>	<u>\$10,045</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, 2018, including interest of \$16,138, are as follows:

<u>Year Ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 26,247	\$ 4,573
2020	26,976	3,844
2021	27,726	3,095
2022	28,496	2,324
2023	29,288	1,533
2024-2025	37,361	769
	<u>\$176,094</u>	<u>\$16,138</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

f. Changes in Long-Term Liabilities

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 364,965	\$ -	\$ 48,871	\$ 316,094	\$ 49,580
Net pension liability (LGERS)	36,310	-	11,058	25,252	-
Compensated absences	18,768	-	550	18,218	-
<hr/>					
Governmental activities long-term liabilities	420,043	-	60,479	359,564	49,580
<hr/>					
Business type activities:					
Water and Sewer Fund					
Net pension liability (LGERS)	52,829	-	12,694	40,135	-
Installment purchases	1,064,396	-	155,390	909,006	155,390
<hr/>					
Water and Sewer Fund long-term liabilities	\$1,117,225	\$ -	\$168,084	\$ 949,141	\$ 155,390
<hr/>					

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2018 consist of the following:

Due to/from other funds:

Due to General Fund from the Water and Sewer Fund	<u>\$52</u>
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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, 2018

D. Fund Balance

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

Total fund balance-General Fund	\$1,630,642
Less:	
Inventories	-
Stabilization by State Statute	185,134
Streets-Powell Bill	41,611
Appropriated Fund Balance in 2019 budget	28,000
Working Capital/Fund Balance Policy	728,552
Remaining Fund Balance	647,345

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, 2018, 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, 2018. 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 September 26, 2018, the date the financial statements were available to be issued. The ABC Board management has evaluated subsequent events through September 30, 2018, 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 Five Fiscal Years

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Mount Pleasant's proportion of the net pension liability (asset) (%)	0.00428%	0.00420%	0.00320%	(0.00528%)	0.00510%
Mount Pleasant's proportion of the net pension liability (asset) (\$)	\$ 65,387	\$ 89,139	\$ 14,361	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171	\$ 234,569
Mount Pleasant's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.51%	31.06%	4.59%	(10.44%)	26.21%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 46,465	\$ 37,241	\$ 18,928	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	<u>46,465</u>	<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>	<u>\$ -</u>
Mount Pleasant's covered-employee payroll	\$ 340,651	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171
Contributions as a percentage of covered-employee payroll	13.64%	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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad valorem taxes			
Taxes	\$ 725,585	\$ 742,191	\$ 16,606
Penalties and interest	2,000	5,566	3,566
Total	<u>727,585</u>	<u>747,757</u>	<u>20,172</u>
Unrestricted intergovernmental			
Local option sales tax	230,000	242,383	12,383
Utility sales tax	56,000	81,257	25,257
Telecommunications sales tax	22,500	16,060	(6,440)
Local video program tax	18,000	18,832	832
Beer and wine taxes	7,000	7,805	805
Total	<u>333,500</u>	<u>366,337</u>	<u>32,837</u>
Sales, permits, and fees			
Solid waste fees	3,000	5,527	2,527
Recycling fees	18,000	19,512	1,512
Permits and fees	3,000	5,660	2,660
Total	<u>24,000</u>	<u>30,699</u>	<u>6,699</u>
Restricted intergovernmental			
Solid waste disposal tax	1,000	1,197	197
Powell Bill allocation	49,500	50,117	617
Total	<u>50,500</u>	<u>51,314</u>	<u>814</u>
Restricted intergovernmental-public safety			
On-behalf of payments - Fire	50,096	-	(50,096)
FEMA grant	535,034	535,034	-
Cabarrus Co. EMS grant	-	1,000	1,000
Contract fire-Cabarrus Co.	408,564	420,060	11,496
Contract fire-Cabarrus Co tax distribution	110,049	94,624	(15,425)
Total	<u>1,103,743</u>	<u>1,050,718</u>	<u>(53,025)</u>
Investment earnings	<u>-</u>	<u>4,197</u>	<u>4,197</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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Other revenues			
Rent and other	21,600	21,750	150
Farmers market fee	-	20	20
Miscellaneous	21,000	35,939	14,939
Events revenue	-	6,512	6,512
	42,600	64,221	21,621
Total	42,600	64,221	21,621
Total revenues	2,281,928	2,315,243	33,315
Expenditures			
General government			
Town Hall			
Contracted services	9,000	6,286	2,714
Utilities	19,000	16,594	2,406
Maintenance and repairs-building	4,500	5,865	(1,365)
Maintenance and repairs-equipment	500	21	479
Insurance-property and casualty	31,000	32,370	(1,370)
Telephone	12,700	11,190	1,510
Cleaning supplies	500	318	182
Fuel	250	-	250
Capital outlay building	417,000	418,780	(1,780)
	494,450	491,424	3,026
Total	494,450	491,424	3,026
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	389	111
Election fee	6,000	3,213	2,787
Cabarrus Economic Development	2,500	2,350	150
Cabarrus Rowan MPO	500	677	(177)
	34,050	31,127	2,923
Total	34,050	31,127	2,923

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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Administration and Finance			
Salaries and wages	51,000	55,407	(4,407)
Salaries and wages-longevity	500	500	-
Salaries and wages-part time	1,000	740	260
Health insurance	12,888	12,197	691
Employee wellness center	1,350	1,564	(214)
Health reimbursement account	4,123	6,461	(2,338)
Insurance-dental/vision	523	523	-
Health insurance-misc	3,200	4,885	(1,685)
Health insurance-other	-	6,948	(6,948)
Social security	3,892	5,129	(1,237)
Employee benefits-retirement	6,065	5,587	478
Employee benefits-401k	2,746	2,631	115
Dues and subscriptions	4,000	6,016	(2,016)
Education and travel	9,000	8,095	905
Insurance-workman's comp	2,100	787	1,313
Attorney fees	25,000	20,710	4,290
Auditor fees	17,000	17,445	(445)
Grant writer fees	2,500	-	2,500
Tax collection expense	9,750	5,008	4,742
Tax penalty paid to school system	-	753	(753)
Contracted services	33,500	34,293	(793)
Communications-mobile	2,000	1,920	80
Advertising	1,500	2,285	(785)
Office supplies and postage	5,259	7,529	(2,270)
Computers and software	10,000	9,331	669
Office staff uniforms	2,000	534	1,466
Miscellaneous	3,769	7,101	(3,332)
Total	214,665	224,379	(9,714)
Planning and development			
Salaries and wages	8,000	7,821	179
Salaries and wages code enforcement	5,000	5,520	(520)
Planning board stipend	7,200	7,200	-
Health insurance	869	642	227
Health reimbursement account	389	7	382
Insurance-dental/vision	72	72	-
Social security	605	1,432	(827)
Employee benefits-retirement	1,078	866	212
Employee benefits-401k	237	228	9
Education and travel	250	-	250
Contracted services-planning	43,000	43,003	(3)
Comprehensive plan project	27,000	26,667	333
Advertising	2,500	1,750	750
Code enforcement-miscellaneous	3,000	1,603	1,397
Department supplies and postage	500	617	(117)
Total	99,700	97,428	2,272
Total general government	842,865	844,358	(1,493)

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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public safety			
Law enforcement			
Contract services-Cabarrus County	125,000	118,397	6,603
Contract services	1,500	-	1,500
Maintenance and repair -vehicles and equipment	4,000	810	3,190
Departmental supplies and postage	500	167	333
Fuel	8,000	5,902	2,098
Capital outlay-vehicles and equipment	-	-	-
Total	<u>139,000</u>	<u>125,276</u>	<u>13,724</u>
Fire department			
Salaries and wages	315,000	302,856	12,144
Health insurance	1,828	1,350	478
Health reimbursement account	875	7	868
Insurance-dental/vision	156	156	-
Social security	23,600	22,293	1,307
Employee benefits-retirement	1,204	2,987	(1,783)
Employee benefits-pension	2,500	-	2,500
Employee benefits-401k	499	517	(18)
Dues and subscriptions	2,000	1,502	498
Dues and subscriptions-FD relief fund	-	4,728	(4,728)
Education and travel	1,500	1,018	482
Firemen's physicals	3,700	769	2,931
Insurance-workman's comp	18,000	5,237	12,763
Auditing services	2,100	2,024	76
Contracted services	750	1,084	(334)
Utilities	13,000	14,677	(1,677)
Maintenance and repairs-building	10,000	4,575	5,425
Maintenance and repairs-vehicles and equipment	38,000	34,566	3,434
Insurance-property and casualty	20,000	15,661	4,339
Telephone	3,750	3,371	379
Communications-mobile	3,000	4,651	(1,651)
Departmental supplies and materials	1,500	2,087	(587)
Office supplies	2,000	769	1,231
Fire and rescue supplies	17,500	17,694	(194)
Uniforms	5,500	2,232	3,268
EMS supplies	2,250	2,296	(46)
Computers and software	4,000	3,968	32
Personal protective gear	620,271	570,250	50,021
Fuel	14,400	12,817	1,583
Miscellaneous	5,000	2,740	2,260
Total	<u>1,133,883</u>	<u>1,038,882</u>	<u>95,001</u>
Total public safety	<u>1,272,883</u>	<u>1,164,158</u>	<u>108,725</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public works			
Public works facilities general			
Contracted services	1,000	706	294
Utilities	34,000	31,939	2,061
Maintenance and repairs-building	1,500	1,832	(332)
Insurance property and casualty	2,750	2,750	-
Telephone	1,200	1,297	(97)
Department supplies & postage	250	368	(118)
	<u>40,700</u>	<u>38,892</u>	<u>1,808</u>
Streets			
Salaries	24,000	21,965	2,035
Salaries-part time	2,669	2,794	(125)
Health insurance	3,287	2,428	859
Health reimbursement account	1,472	7	1,465
Insurance-dental/vision	271	271	-
Social security	1,816	1,838	(22)
Social Security-part time	204	-	204
Employee benefits-retirement	3,237	3,355	(118)
Employee benefits-401k	712	824	(112)
Education and travel	200	85	115
Insurance-workman's comp	3,200	1,221	1,979
Contracted services-engineer	5,000	5,490	(490)
Snow and ice removal	1,500	-	1,500
Maintenance and repairs-vehicles and equipment	8,500	1,890	6,610
Maintenance and repairs-sidewalks	1,000	-	1,000
Departmental supplies and materials	5,000	2,673	2,327
Fuel	7,000	5,872	1,128
Powell Bill expenditures	94,031	109,519	(15,488)
Capital outlay-vehicles & equipment	30,000	31,996	(1,996)
	<u>193,099</u>	<u>192,228</u>	<u>871</u>
Sanitation			
Salaries and wages	-	114	(114)
Salaries and wages-part time	-	10,474	(10,474)
Social security	-	835	(835)
Employee benefits-retirement	-	69	(69)
Contract services-recycling	19,000	18,312	688
Contract services	75,000	67,368	7,632
Landfill fees	25,000	20,608	4,392
Maintenance and repairs-vehicles and equipment	5,000	276	4,724
Departmental supplies and postage	5,000	10,984	(5,984)
Fuel	500	49	451
	<u>129,500</u>	<u>129,089</u>	<u>411</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Buildings and grounds			
Salaries	38,500	36,198	2,302
Salaries-part time	4,600	2,771	1,829
Health insurance	6,009	4,438	1,571
Health reimbursement account	91	7	84
Insurance-dental/vision	496	496	-
Social security	3,390	2,798	592
Social Security-part time	349	-	349
Employee benefits-retirement	6,043	5,080	963
Employee benefits-401k	1,330	1,396	(66)
Insurance-workman's comp	850	800	50
Maintenance and repairs-vehicles and equipment	100	172	(72)
Departmental supplies and postage	1,750	715	1,035
Fuel	250	-	250
Capital outlay-building & grounds	10,000	-	10,000
Capital outlay-vehicles & equipment	-	8,499	(8,499)
	<u>73,758</u>	<u>63,370</u>	<u>10,388</u>
Total			
Total public works	<u>437,057</u>	<u>423,579</u>	<u>13,478</u>
Cultural and recreational			
Park maintenance	17,400	16,872	528
Senior games	100	-	100
Mt Pleasant beautification	6,000	6,726	(726)
CVAN-Battered Shelter	500	-	500
Cabarrus Arts Council	1,000	1,000	-
Eastern Cabarrus Historical Society	500	500	-
Cabarrus Health Alliance	500	420	80
Youth council	1,000	1,173	(173)
Independence day celebration	15,000	16,046	(1,046)
Christmas parade	750	106	644
Charitable contribution	1,000	825	175
Christmas decorations	1,000	502	498
Events expense	10,000	9,343	657
Farmers market	500	74	426
Capital outlay-buildings and grounds	133,114	132,057	1,057
	<u>188,364</u>	<u>185,644</u>	<u>2,720</u>
Total cultural and recreational			
Debt service			
Principal	49,159	48,743	416
Interest	9,645	9,764	(119)
	<u>58,804</u>	<u>58,507</u>	<u>297</u>
Total debt service			
Total expenditures	<u>2,799,973</u>	<u>2,676,246</u>	<u>123,727</u>
Revenues over (under) expenditures	<u>(518,045)</u>	<u>(361,003)</u>	<u>157,042</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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other financing sources (uses)			
Transfer to capital projects fund	(110,000)	(110,000)	-
Transfer to capital reserve general fund	(10,000)	(10,000)	-
Sale of capital assets	-	75,886	75,886
Insurance recovery	-	4,277	4,277
Total	<u>(120,000)</u>	<u>(39,837)</u>	<u>80,163</u>
Fund balance appropriated	<u>638,045</u>	<u>-</u>	<u>(638,045)</u>
Net change in fund balance	<u>\$ -</u>	<u>(400,840)</u>	<u>\$ (400,840)</u>
Fund balances			
Fund balances, beginning		<u>2,031,482</u>	
Fund balances, ending		<u>\$ 1,630,642</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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services			
Water and sewer charges	\$ 1,050,000	\$ 1,015,900	\$ (34,100)
Water and sewer taps	10,000	14,925	4,925
Other operating revenues	24,000	40,207	16,207
Total operating revenues	<u>1,084,000</u>	<u>1,071,032</u>	<u>(12,968)</u>
Nonoperating revenues			
Investment earnings	-	497	497
Total nonoperating revenues	<u>-</u>	<u>497</u>	<u>497</u>
Total revenues	<u>1,084,000</u>	<u>1,071,529</u>	<u>(12,471)</u>
Expenditures			
Billing and water sewer administration			
Salaries and wages	59,000	59,600	(600)
Salaries and wages part time	1,000	500	500
Salaries and wages longevity	1,650	1,400	250
Health insurance	13,859	10,237	3,622
Employee wellness center	1,350	1,564	(214)
Health reimbursement account	4,614	156	4,458
Insurance-dental/vision	595	595	-
Health insurance-misc	4,435	7,520	(3,085)
Social security	4,375	5,519	(1,144)
Employee benefits-retirement	6,330	8,338	(2,008)
Employee benefits-401k	1,716	2,389	(673)
Dues and subscriptions	1,500	1,325	175
Insurance-workman's comp	9,400	2,733	6,667
Contracted services-engineer	15,000	19,197	(4,197)
Contracted services-administration	15,000	12,522	2,478
Equipment lease	700	608	92
Transaction processing fees	7,300	7,685	(385)
Communications-mobile	2,000	2,204	(204)
Office supplies and postage	10,000	11,952	(1,952)
Deposit refunds	2,000	-	2,000
Uniforms	3,000	2,726	274
Bad debt provision	-	1,661	(1,661)
Total billing and administrative	<u>164,824</u>	<u>160,431</u>	<u>4,393</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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Public Works Facility-Water and Sewer			
Contracted services	500	-	500
Utilities	10,000	9,478	522
Maintenance and repairs-building	500	665	(165)
Insurance-property and casualty	2,400	2,400	-
Telephone	3,900	4,452	(552)
Total public works facility	<u>17,300</u>	<u>16,995</u>	<u>305</u>
Water distribution			
Salaries and wages	48,500	40,387	8,113
Salaries and wages-part time	4,900	3,042	1,858
Health insurance	6,491	4,794	1,697
Health reimbursement account	2,907	6	2,901
Insurance-dental/vision	535	535	-
Social security	3,674	3,221	453
Social Security-part time	372	-	372
Employee benefits-retirement	6,550	5,528	1,022
Employee benefits-401k	1,441	1,836	(395)
Education and travel	1,000	360	640
Contracted services	-	3,375	(3,375)
Water purchase	25,000	2,057	22,943
Maintenance and repairs-vehicles and equip.	1,000	3,276	(2,276)
Maintenance and repairs-water lines	15,000	9,747	5,253
Maintenance and repairs-meters	20,000	16,903	3,097
Dredging expense	5,000	-	5,000
Departmental supplies	6,500	763	5,737
Fuel	1,500	2,727	(1,227)
Capital outlay-vehicles and equipment	1,000	-	1,000
Miscellaneous	3,545	216	3,329
Total water distribution	<u>154,915</u>	<u>98,773</u>	<u>56,142</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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures-continued			
Water treatment plant			
Salaries and wages	68,000	69,383	(1,383)
Salaries and wages-part time	24,000	25,563	(1,563)
Salaries and wages-longevity	1,700	9	1,691
Health insurance	5,583	4,124	1,459
Health reimbursement account	2,500	6	2,494
Insurance-dental/vision	460	460	-
Social security	5,308	6,815	(1,507)
Social Security-part time	1,836	-	1,836
Employee benefits-retirement	9,464	9,109	355
Employee benefits-401k	2,081	3,523	(1,442)
Dues and subscriptions	500	1,010	(510)
Education and travel	1,000	240	760
Insurance-workers comp	2,400	-	2,400
Insurance-property and casualty	3,300	3,300	-
Contracted services	2,600	-	2,600
Utilities	36,000	37,940	(1,940)
Maintenance and repairs-building	1,000	1,565	(565)
Maintenance and repairs-vehicle	400	612	(212)
Maintenance and repairs-equipment	312,000	277,820	34,180
Telephone	5,275	2,761	2,514
Mobil communications	600	600	-
Departmental supplies	2,100	882	1,218
Office supplies	200	201	(1)
Chemicals	32,000	31,900	100
Chemical disposal	-	875	(875)
Computers & software	500	30	470
Fuel	500	263	237
Capital outlay-building	50,000	30,060	19,940
Miscellaneous	1,000	423	577
	<u>572,307</u>	<u>509,474</u>	<u>62,833</u>
Total water treatment plant			

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, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures-continued			
Sewer collection			
Salaries and wages	49,000	40,578	8,422
Salaries and wages-part time	5,000	3,003	1,997
Health insurance	6,547	4,836	1,711
Health reimbursement account	2,932	6	2,926
Insurance-dental/vision	540	540	-
Social security	3,703	3,228	475
Social Security-part time	376	-	376
Employee benefits-retirement	6,603	5,545	1,058
Employee benefits-401k	1,453	865	588
Education and travel	500	-	500
Sewage treatment	170,000	167,730	2,270
WSACC capacity reimbursement	-	13	(13)
Maintenance and repairs-vehicles and equip.	1,000	2,390	(1,390)
Maintenance and repairs-sewer lines	15,000	2,354	12,646
Maintenance and repairs-pump station	40,000	46,672	(6,672)
Departmental supplies	2,500	1,085	1,415
Fuel	500	378	122
Capital outlay-infrascture	-	13,800	(13,800)
Capital outlay-vehicles and equipment	10,000	9,370	630
Miscellaneous	2,000	113	1,887
	<u>317,654</u>	<u>302,506</u>	<u>15,148</u>
Debt service			
Interest	28,608	28,607	1
Principal retirement	155,392	155,390	2
	<u>184,000</u>	<u>183,997</u>	<u>3</u>
Total debt service	<u>184,000</u>	<u>183,997</u>	<u>3</u>
Total expenditures	<u>1,411,000</u>	<u>1,272,176</u>	<u>138,824</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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues over (under) expenditures	(327,000)	(200,647)	126,353
Other financing sources (uses):			
Fund balance appropriated	327,000	-	(327,000)
Transfer from other funds:			
Capital reserve fund	-	10,005	10,005
Total	327,000	10,005	(316,995)
Revenues and other sources over expenditures and other uses	\$ -	(190,642)	\$ (190,642)
Reconciliation from budgetary basis (modified accrual) to full accrual			
Revenues over expenditures		(190,642)	
Reconciling items			
Decrease in accrued interest		762	
Increase in due to other funds		(52)	
Increase in compensated absences		(14,266)	
Principal retirement		155,390	
Capital outlay		39,430	
Decrease in deferred outflows of resources-pensions		(1,633)	
Decrease in net pension liability		12,694	
Increase in deferred inflows of resources-pensions		1,860	
Depreciation		(125,838)	
Total reconciling items		68,347	
Change in net position		\$ (122,295)	

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, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 5	\$15	\$ 20	\$ 20
Total revenues	-	5	15	20	20
Other financing sources (uses)					
Transfer from General Fund	100,000	55,000	10,000	65,000	(35,000)
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer to General Fund	(100,000)	(28,489)	-	(28,489)	71,511
Total other financing sources (uses)	-	26,511	10,000	36,511	36,511
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 26,516	\$ 10,015	\$ 36,531	\$ 36,531

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, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 2	3	\$ 5	\$ 5
Total revenues	-	2	3	5	5
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)	-	(10,005)	(10,005)	189,995
Total other financing sources (uses)	-	10,000	(10,005)	(5)	(5)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 10,002</u>	<u>\$ (10,002)</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 17	\$ 35	\$ 52	\$ 52
Total revenues	<u>-</u>	<u>17</u>	<u>35</u>	<u>52</u>	<u>52</u>
Expenditures					
Building construction	1,300,000	-	-	-	1,300,000
Parking lot construction	100,000	-	-	-	100,000
Engineering and architect fees	112,000	32,800	90,400	123,200	(11,200)
Contingency	130,000	242	635	877	129,123
Total expenditures	<u>1,642,000</u>	<u>33,042</u>	<u>91,035</u>	<u>124,077</u>	<u>1,517,923</u>
Revenues over (under) expenditures	<u>(1,642,000)</u>	<u>(33,025)</u>	<u>(91,000)</u>	<u>(124,025)</u>	<u>1,517,975</u>
Other financing sources (uses)					
Transfer from General Fund	242,000	95,833	110,000	205,833	(36,167)
Proceeds from installment borrowing	1,400,000	-	-	-	(1,400,000)
Total other financing sources (uses)	<u>1,642,000</u>	<u>95,833</u>	<u>110,000</u>	<u>205,833</u>	<u>(1,436,167)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 62,808</u>	<u>\$ 19,000</u>	<u>\$ 81,808</u>	<u>\$ 81,808</u>

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018		\$ 741,630	\$ 726,009	\$ 15,621
2016-2017	\$ 16,539	-	14,453	2,086
2015-2016	1,167	-	798	369
2014-2015	736	-	328	408
2013-2014	1,108	-	93	1,015
2012-2013	746	-	9	737
2011-2012	1,231	-	204	1,027
2010-2011	584	-	183	401
2009-2010	412	-	-	412
2008-2009	445	-	-	445
2007-2008	453	-	453	-
	<u>\$ 23,421</u>	<u>\$ 741,630</u>	<u>\$ 742,530</u>	22,521

Less allowance for uncollectible accounts:

General Fund

742

Ad valorem taxes receivable-net

21,779

Reconciliation with revenues:

Ad valorem taxes - General Fund

747,757

Reconciling items

Interest collected

(5,566)

Taxes written off

339

Total collections and credits

\$ 742,530

TOWN OF MOUNT PLEASANT, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For the Fiscal Year Ended June 30, 2018

	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	\$ 146,759,746	\$.505	\$ 741,008	\$ 672,105	\$ 68,903
Penalties	-		465	465	-
Total	<u>146,759,746</u>		<u>741,473</u>	<u>672,570</u>	<u>68,903</u>
Discoveries:					
Current year taxes	81,315	.505	344	344	-
Prior year taxes	-		1,197	1,197	-
Penalties	-		287	287	-
Total	<u>81,315</u>		<u>1,828</u>	<u>1,828</u>	<u>-</u>
Releases	<u>(270,009)</u>		<u>(1,671)</u>	<u>(1,307)</u>	<u>(364)</u>
Total property valuation	<u><u>\$ 146,571,052</u></u>				
Net levy			741,630	673,091	68,539
Uncollected taxes at June 30, 2017			<u>(15,621)</u>	<u>(15,621)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 726,009</u>	<u>\$ 657,470</u>	<u>\$ 68,539</u>
Current levy collection percentage			<u>97.89%</u>	<u>97.68%</u>	<u>100.00%</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Town of Mount Pleasant, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprises the Town of Mount Pleasant's basic financial statements, and have issued our report thereon dated September 26, 2018. Our report includes a reference to other auditors who audited the financial statements of the Town of Mount Pleasant ABC Board, as described in our report on the Town of Mount Pleasant's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Mount Pleasant ABC Board were not audited in accordance with *Government Auditing Standards*

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the following to be significant deficiencies in internal control.

Provide Oversight of the Preparation of Financial Statements

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Town does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in entities of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost. The Town agrees with this finding.

Monitoring Service Provider

The Town has chosen Cabarrus County to provide significant services in preparing the tax scroll, creating the tax levy and tax bills, collection of taxes, and preparation of the detailed underlying accounting for this process. Monitoring is a process that assesses whether the controls used by the service provider are operating as intended, controls at the Town are modified as appropriate for changed conditions, monthly reports received are reviewed and reconciled, and that information recorded in the Town's accounting system reflects the activity that transpires. Because limited monitoring activities now occur, the Town should develop a monitoring plan to accomplish the above objective. The Town agrees with this finding.

Compliance and Other Matters

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

Purpose of this Report

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

Sherrill & Smith, CPAs, PA

Salisbury, North Carolina
September 26, 2018