

**Town of Mount Pleasant  
Mount Pleasant, North Carolina  
For the year ended  
June 30, 2023**

**Independent Auditor's Reports  
Basic Financial Statements  
And  
Information Accompanying the  
Basic Financial Statements**

**Town of Mount Pleasant**

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**Independent Auditor's Report**

To the Honorable Mayor and Town Council  
Town of Mount Pleasant, North Carolina

**Report on the Audit of Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, business-type activities, the aggregately discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Mount Pleasant, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Mount Pleasant's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Mount Pleasant, North Carolina as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of Mount Pleasant ABC Board, which represent 100 percent, 100 percent, and 100 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by another auditor whose report 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 another auditor.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Mount Pleasant, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Mount Pleasant ABC Board were not audited in accordance with the *Governmental Auditing Standards*.

***Responsibility of Management's for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, and *Governmental Auditing Standards*, we

- Exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mount Pleasant's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mount Pleasant's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 15, the budgetary comparison information on page 22, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 52 through 53, respectively, and the Schedule of Changes in the OPEB Liability and Related Ratios on page 51, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 me with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mount Pleasant's basic financial statements. The individual fund financial statements, budgetary schedules, and other schedules as well as the accompanying schedule of expenditures of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit

Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2023 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 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 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 Town of Mount Pleasant's internal control over financial reporting and compliance.

Eddie Carrick CPA, PC

A handwritten signature in black ink, appearing to read "E. Carrick", followed by the letters "CPA" in a slightly larger, bolder script.

Lexington, North Carolina  
October 28, 2023

# Mount Pleasant

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## North Carolina

*Founded in 1848*

### Management's Discussion and Analysis

As management of the Town of Mount Pleasant, we offer the 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, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

#### Financial highlights

- The assets and deferred outflows of resources of the Town of Mount Pleasant exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$11,803,278 (*net position*).
- The government's total net position increased by \$1,187,183, primarily due to grants and a conservative approach to spending.
- As of the close of the current fiscal year, the Town of Mount Pleasant's governmental funds reported combined ending fund balances of \$4,812,353 with a net increase of \$1,625,736 in fund balance. Approximately 56% of this total amount, or 2,694,670, is restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,117,683, or 81% of total general fund expenditures for the fiscal year.
- The Town of Mount Pleasant's total debt increased by \$3,589,240 due to new debt of \$4,125,842, an increase in LGERS pension of \$223,729, a decrease in accrued vacation of \$1,544, principal debt payments of \$712,522, and a decrease in OPEB liability of \$45,265.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the 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.

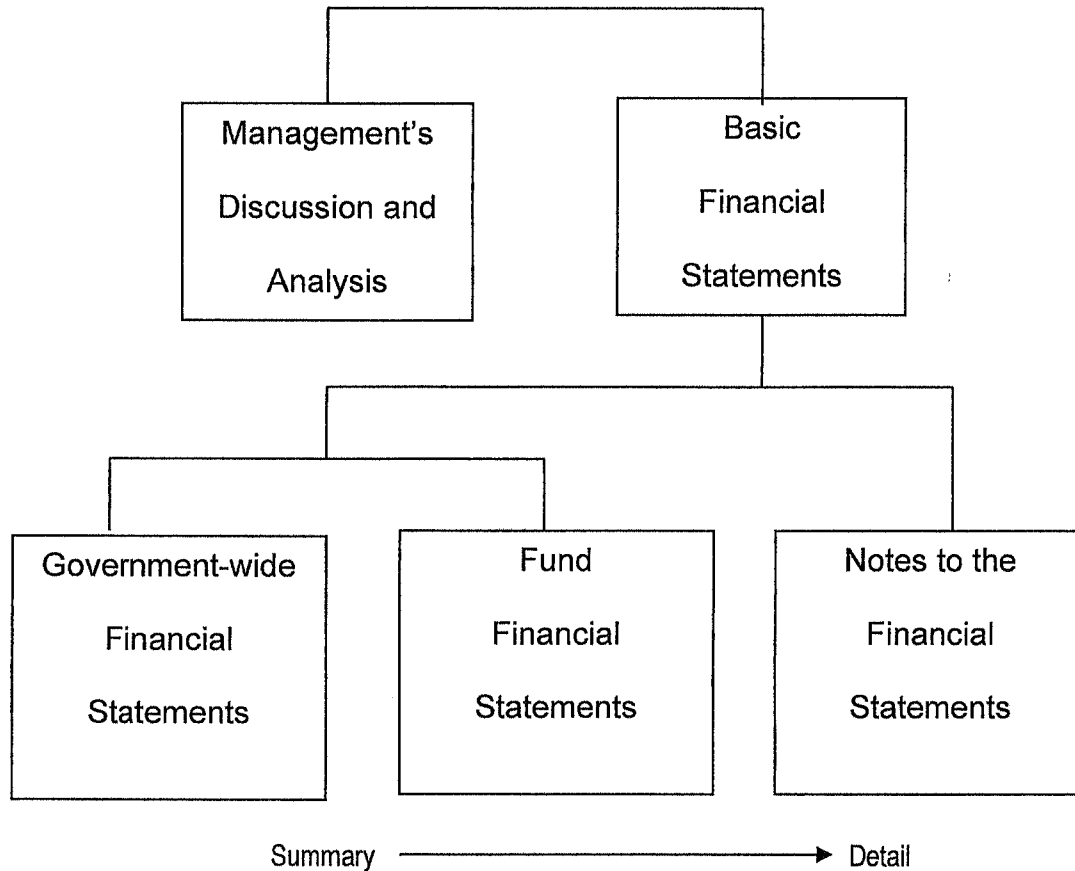
#### Overview of the Financial Statements

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



Required Components of Annual Financial Report

Figure 1



**Basic Financial Statements**

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

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

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

## Management Discussion and Analysis

### Town of Mount Pleasant

#### 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.

**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

## Management Discussion and Analysis

### Town of Mount Pleasant

resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25-50 of this report.

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Management Discussion and Analysis  
Town of Mount Pleasant

Government-Wide Financial Analysis

Town of Mount Pleasant's Net Position  
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 4,977,676	\$ 3,261,620	\$ 1,883,832	\$1,554,718	\$ 6,861,508	\$ 4,816,338
Capital assets	6,131,880	3,668,348	3,577,850	3,316,149	9,709,730	6,984,497
Deferred outflows of resources	139,507	124,075	123,580	96,501	263,087	220,576
Total assets and deferred outflows of resources	11,249,063	7,054,043	5,585,262	4,967,368	16,834,325	12,021,411
Long-term debt	4,007,909	609,960	266,359	217,340	4,274,268	827,300
Non-current liabilities	175,251	87,278	210,690	155,390	385,941	242,668
Other liabilities	165,566	48,523	135,899	137,462	301,465	185,985
Deferred inflows of resources	58,281	66,547	11,092	82,816	69,373	149,363
Total liabilities and deferred inflows of resources	4,407,007	812,308	624,040	593,008	5,031,047	1,405,316
Net position:						
Net investment in capital assets	2,123,971	3,094,846	3,311,491	3,028,703	5,435,462	6,123,549
Restricted	2,629,102	672,483	-	-	2,629,102	672,483
Unrestricted	2,088,983	2,474,406	1,649,731	1,345,657	3,738,714	3,820,063
Total net position	\$ 6,842,056	\$ 6,241,735	\$ 4,961,222	\$ 4,374,360	\$ 11,803,278	\$ 10,616,095

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 \$11,803,278 as of June 30, 2023. The Town of Mount Pleasant net position *increased* by \$1,187,183 for the fiscal year ended June 30, 2023. However, the largest portion (46%) 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, \$2,629,102 (22%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,738,714 (32%) is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage above State average.
- Conservative approach to budgeting and cost control
- Federal and State grants

Management Discussion and Analysis  
Town of Mount Pleasant

Town of Mount Pleasant's Changes in Net Position

Figure 3

	Governmental		Business Type	
	Activities	Activities	Activities	Activities
	2023	2022	2023	2022
Revenues:				
Program revenues:				
Charges for services	\$ 64,832	\$ 57,446	\$ 1,333,242	\$ 1,366,033
Operating grants and contrib.	1,268,264	1,439,144	378,748	-
Capital grants and contrib.	7,000	43,923	-	-
General revenues:				
Property taxes	988,107	957,381	-	-
Grants and contributions not restricted to specific programs	488,515	486,197	-	-
Other	60,060	80,929	19,354	1,990
Total revenues	<u>2,876,778</u>	<u>3,065,020</u>	<u>1,731,344</u>	<u>1,368,023</u>
Expenses:				
General government	536,999	631,757	-	-
Public safety	931,424	879,877	-	-
Public works	421,583	449,417	-	-
Culture and recreational	81,416	64,769	-	-
Interest on long-term debt	93,823	18,644	-	-
Water and sewer	-	-	1,512,246	1,136,093
Total expenses	<u>2,065,245</u>	<u>2,044,464</u>	<u>1,512,246</u>	<u>1,136,093</u>
Change in net position before transfers	811,533	1,020,556	219,098	231,930
Transfers	(354,873)	(351,073)	354,873	351,073
Gain on sale of assets	122,802	-	-	-
Gain on insurance recovery	20,859	106,026	12,891	-
Change in net position	600,321	775,509	586,862	583,003
Net position, beginning	<u>6,241,735</u>	<u>5,466,226</u>	<u>4,374,360</u>	<u>3,791,357</u>
Net position, June 30	<u>\$ 6,842,056</u>	<u>\$ 6,241,735</u>	<u>\$ 4,961,222</u>	<u>\$ 4,374,360</u>

**Governmental activities:** Governmental activities increased the Town of Mount Pleasant's net position by \$600,321 therefore accounting for 51% of the total increase in the net position of the Town of Mount Pleasant. Town management reduced non-essential programs to a minimum and implemented cost saving strategies across Town departments. Increased efforts to maximize tax collections also contributed to the favorable net position. Town management acknowledges that 2023 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

## Management Discussion and Analysis

### Town of Mount Pleasant

**Business-type activities:** Business-type activities increased the Town of Mount Pleasant's net position by \$586,862, therefor accounting for 49% of the total increase in the net position of the Town of Mount Pleasant. Key elements of this increase are as follows:

- Consistent water and sewer charges
- Federal and State grants

### 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, unassigned fund balance of the General Fund was \$2,117,683, while total fund balance reached \$2,498,136. The Town Council of the Town of Mount Pleasant has determined that the Town should maintain an available fund balance of 42% of next fiscal year budgeted expenditures in case of unforeseen needs or opportunities. The Town currently has an available fund balance of 81% of the next fiscal year budgeted General Fund expenditures, while total fund balance represents 99% of next fiscal year budgeted General Fund expenditures.

At June 30, 2023, the governmental funds of the Town of Mount Pleasant reported a combined fund balance of \$4,812,353, a net increase in fund balance of \$1,625,736. Included in this change in fund balance are decreases in fund balance in the General Fund of \$82,794 and Major Capital Project Muni Complex Fund of \$40,196 while the Major Capital project Fire Department and total non-major funds increased \$1,578,201 and \$170,525, respectively.

**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. Expenditure amendments were made to account for the acquisition of capital outlay including land and equipment. Expenditures associated with new debt service payments were also made.

**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 Fund at the end of the fiscal year amounted to \$1,649,731. The total increase in net assets for the fund was \$556,487.

### 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, 2023, totals \$9,709,730 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, construction in progress, and vehicles.

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

Major capital asset transactions during the year include the following:

- Purchase of property
- Purchase of equipment which includes a portable message board, a Bobcat T 770 track loader, and a water sewer pump
- Purchase of a 2022 Chevy 5500 truck
- Fire Department and Muni Complex construction in progress

**Town of Mount Pleasant's Capital Assets, Net of Accumulated Depreciation**  
**Figure 4**

	Governmental Activities		Business-type Activities		Total	Total
	2023	2022	2023	2022	2023	2022
Land	\$ 568,849	\$ 523,849	\$ 15,684	\$ 15,685	\$ 584,533	\$ 539,534
Construction in progress	2,549,378	307,087	395,355	180,474	2,944,733	487,561
Land improvements	391,660	407,020	-	-	391,660	407,020
Buildings and systems	1,194,552	961,922	2,898,974	3,001,642	4,093,526	3,963,564
Machinery and equipment	294,907	217,342	130,262	118,348	425,169	335,690
Infrastructure	132,937	141,643	-	-	132,937	141,643
Vehicles and motorized equipment	999,597	1,109,485	137,575	-	1,137,172	1,109,485
<b>Total</b>	<b>\$ 6,131,880</b>	<b>\$ 3,668,348</b>	<b>\$ 3,577,850</b>	<b>\$ 3,316,149</b>	<b>\$ 9,709,730</b>	<b>\$ 6,984,497</b>

Additional information on the Town of Mount Pleasant capital assets can be found in note III. A.4 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2023, the Town of Mount Pleasant had total debt outstanding of \$4,274,267. 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 5**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Installment Purchases	\$ 4,007,908	\$ 573,501	\$ 266,359	\$ 287,446	\$ 4,274,267	\$ 860,947
Net Pension Liability (LGERS)	141,814	45,096	183,132	56,121	324,946	101,217
Net OPEB Liability	15,743	61,008	-	-	15,743	61,008
Compensated Absences	17,694	17,633	27,558	29,163	45,252	46,796
<b>Total</b>	<b>\$ 4,183,160</b>	<b>\$ 697,238</b>	<b>\$ 477,049</b>	<b>\$ 372,730</b>	<b>\$ 4,660,208</b>	<b>\$ 1,069,968</b>

## Management Discussion and Analysis

### Town of Mount Pleasant

The Town of Mount Pleasant's total debt increased by \$3,589,240 due to new debt of \$4,125,842, an increase in LGERS pension of \$223,729, a decrease in accrued vacation of \$1,544, principal debt payments of \$712,522, and a decrease in OPEB liability of \$45,265.

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, 2023, the remaining legal debt margin for Town of Mount Pleasant is \$11,313,461.

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

### Economic Factors and Next Year's Budgets and Rates

The Town of Mount Pleasant is anticipating future controlled growth. Our Comprehensive Plan recognized a shared vision for its future which includes preserving small-town character through historic preservation and controlled growth; maintaining a safe, family-oriented community; revitalization of downtown while keeping the historic charm; attracting and retaining small businesses to provide needs of the community; parks/recreation facilities/athletics programming; and a safe pedestrian network. Staff have diligently worked this past fiscal year to prepare for future controlled growth as well as preparing for an extensive capital project to replace infrastructure, which is approaching 100 years old.

### Governmental Activities:

**Tax Rate** remained unchanged at .0505 cents per hundred.

**Projected and Actual Revenues** historically range from 97-98% collection rate. At the tax rate of .0505 cents per hundred, we estimated a penny would generate \$18,620 in revenues. Total General Fund projected revenues were \$2,224,443 which included a \$50,215 Appropriation of Fund Balance. On June 30, 2023, our actual revenues were \$3,035,737, which included \$517,709 in Appropriation of Fund Balance:

- \$325,000 Purchase of house located at 1431 N. Main Street to be used as living quarters during Fire Station renovation project.
- \$107,899 Reissue of outstanding purchase order (Skid Steer) from FY2021/2023
- \$17,300 for two solar message boards

**Employee Raises and 401k for Full-Time Employees:** During fiscal year 2023/2023 the Town Board of Commissioners approved a 5% increase for full-time employees effective October 2023; Firefighter salaries also increased from \$13 minimum per hour to \$14 base per hour with pay differential for officers.

**FEMA Project - Repair of the Town's Dutch Buffalo Creek raw water intake dam:** In September 2018, our raw water intake dam had an 18" section of concrete to fail and crumble during Hurricane Florence. The Town advertised engineering services, and a firm was selected in July 2019 to begin the project of assessing damages and developing a solution for repair (engineering services = \$72,000). The damage to the intake dam, in 2019, was estimated at \$230,000. The project was bid on, and the Town received 3 bids from contractors interested in doing the repair. The lowest bid was \$323,196 with an alternate bid of \$106,425 to install a permanent reservoir drain, resulting in a final estimated cost of \$501,621. After further investigation from an Engineer specializing in dam construction, we changed the scope of the project resulting in a cost less than the bid (\$206,366.03) and below the FEMA limit of \$230,000. Project repairs were completed, and the Town is still awaiting final reimbursement from the State (approximately \$43,000).

**SCIF (State Capital and Infrastructure Funds) Grant –** The Town received \$300,000 out of the North Carolina State Budget for a Capital Project. The Town Board decided to use these funds for enhancements to the Municipal Complex



## Management Discussion and Analysis

### Town of Mount Pleasant

and Park Improvements Capital Project. The Scope of Work had to be approved by the OSBM Division of the State of North Carolina and it included Town Hall restroom remodeling, two (2) Town Hall HVAC units, LED ballfield lights, ballfield dugout upgrades, new sewer line for park restroom facility, and paving of the Town Hall complex parking area. The project started in June 2023 and funds will be expended by December 2023.

**Municipal Complex and Park Improvements Capital Project-** In FY 2020/2021, the Town Board approved the renovations to ballfield restroom/concession building, a maintenance/storage building, concrete connector/stage pad, sidewalk connector from restroom to playground, and paving existing gravel parking at Town Hall. Engineering was contracted with McGill Associates in 2021 using General Fund Balance. The Local Government Commission approved this project August 3, 2023. We secured a \$1.2 million loan from a local bank for the financing, which closed in September 2023. The project began in Fall of 2022. The FY 2022/2023 budget included \$79,600 for capital reserve to be used for annual payments for improvements. This project fulfills needs identified in our 2017 comprehensive plan as it relates to recreational activities/ improvements.

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

**Future Satellite Fire Station:** In a prior fiscal year (November 2019), the Town Board approved the purchase of eight (8) acres on Walker Road for a future satellite fire station (\$100,000). The need for a future satellite fire department was identified in our 2017 Comprehensive Plan and would enable the Fire Department to potentially partner with Cabarrus County for a facility staffing both fire and EMS personnel. As this section of Eastern Cabarrus County continues to grow with residential developments, more events at the Cabarrus Events Arena, and increased enrollment at Mount Pleasant Middle and High Schools, it is critical that call and response times are met. The Town continues to have discussions on beginning this project within the next five-to-ten years.

**FIRE DEPARTMENT PLYMO VENT SYSTEM:** In FY 2020/2021, the Mount Pleasant Fire Department received a 95% grant (\$78,095) for a new PLYMO Vent System, which will help reduce exhaust in the truck bay. Installation was held at that time due to the Fire Station renovation project. The system was installed Spring 2023.

**CMAQ (Congestion Mitigation and Air Quality) Grant-** In FY2021/2022, the Town received an 80/20 grant for pedestrian improvements on N. Washington Street which included widening of the road, adding a lane expansion, adding sidewalk, curb and gutter, and adding a bicycle accommodation lane. To make this happen, the Town purchased a home at 8563 E. Franklin Street, (at the corner of N. Washington Street and Franklin Street) for \$210,637 using General Fund Balance. The project is in the planning stages and will begin in FY 2023/2024. These improvements will enhance traffic flow for the new Cabarrus County funded park being built on N. Washington Street.

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

- A 178-home subdivision (Brighton Park) will increase our tax base by 63%. The build-out will be complete in five years seeing initial revenues in the FY 2024/2025 budget.
- A 37-home subdivision (Green Acres) will also bring additional revenue. The build-out will be complete in the next five years.

## Management Discussion and Analysis

### Town of Mount Pleasant

**ESHPF Grant:** (Emergency Supplemental Historic Preservation Fund). The Town was awarded funding for a National Historic Register Study, \$24,000, which is currently under review by the National Historic Register, and a Storm Water Study, \$65,000, to identify how to prevent flooding in the downtown area. LKC Engineering is completing the final revisions to this study.

#### Water/Sewer Activities:

**Water Base Rates for FY 2022/2023** increased \$1.25 on the base rate and the tiered system continued. The tiered system charges higher-volume customers additional amounts based on usage over 2,000 gallons base rate.

**Sewer Base Rates for FY 2022/2023** remained unchanged. The Town received an increase from WSACC; however, the Town Board decided not to pass it on to the customers due to the water rate increase.

**Water Tank Maintenance Contract and Partnership with AT&T for Cell Phone Placement on North Drive Water Tank:** The Town continued to partner with SUEZ/Utility Service Co., Inc. to perform annual maintenance on both our water tanks in the sum of \$31,163.29 per year. We also partnered with AT&T to place a cell tower on the North Drive Water Tank. The revenue of \$22,501 received from the cell phone company is used to help pay for annual maintenance of both tanks. We hope to partner with other cell phone providers in the future.

**USDA Capital Projects: Regional Sewer Pump Station and Sewer Line/Manhole Rehab –** During FY 2022/2023, the Town continued to work with LKC Engineering on refining the scope of the Empire Regional Sewer Pump Station. The project is estimated to be in the \$6 million dollar range. To be able to do this project the Town purchased property on Empire Drive (\$15,684) on July 29, 2019, for the future expansion/replacement of our sewer pump stations in the future growth corridor (Hwy 49 & Hwy 73 intersection) of Town. A new pump station will add significant sewer availability to this growth corridor and relieve current capacity issues with the Summer Street sewer pump station. As of June 30, 2023, LKC Engineering was preparing final documents for the project to go to bid in late Fall 2023.

**ARPA Grants from State-**The Town was fortunate to receive ARPA Grants from the State of North Carolina in the amount of \$12,811,000. These funds will be used for water line replacement on N. Main Street, Cook Street., N Skyland Drive., Franklin Street (Hwy 73), and a section of Hwy 49 between Main Street. and Hwy 73. This will improve water connectivity, quality, and pressure as well as fire flow in our business district. In addition to the water line project, a major sewer outfall project will take two old sewer pump stations out of service and provide gravity sewer to the Adams Creek basin. These improvements will begin Winter 2023/2024 and must be completed by December 31, 2024, per grant requirements.

**AIA Grant:** (Asset Inventory Assessment). The Town was awarded three (3) grants at 100% to map our water, sewer, and storm water systems (\$150,000 water, \$150,000 sewer, and \$350,000 stormwater). Projects have been awarded to LKC Engineering, and they will begin the assessments FY 2023/2024.

### **Budget Highlights for the Fiscal Year Ending June 30, 2024**

#### Governmental Activities:

- The tax rate remained unchanged at **\$0.505** per \$100 value. We used an estimated collection rate of 97% across the board on property taxes.
- Staff anticipated a **10%** increase in revenues for water and sewer for an estimated \$23,250 increase above FY 2022/2023. By implementing an additional increase of \$1.25 to the water base rate and continuing the tiered system for water usage over 2,000 gallons resulting in \$18,000 in additional revenue for the USDA Water and Sewer Project funding. A \$1.25 was also added to flat-rate sewer customers.

## Management Discussion and Analysis

### Town of Mount Pleasant

- Staff recommended a one-time use of General Fund Balance of **\$20,000** for a 5-year Comprehensive Plan Update. Note: The Comprehensive Plan was postponed until FY 2023/2024.
- The Town Board approved a **5% COLA** increase for all full-time employees along with an increase in part-time firefighter salaries from \$13.00 per hour base to **\$14** per hour, with a pay differential for officers. **All employee salary increases were effective October 3, 2022, for the October 17, 2022, payroll date.**
- The Town continued contracting out the solid waste services and recycling services with Waste Pro and **\$12,000** to continue purchasing garbage and recycling cans.
- The Town purchased a one-ton work truck with a crane to be used by the Public Works Sewer Department. The cost of the unit was \$139,908. We are financing this unit for ten years with an payments being budgeted in Water/Sewer Fund. We budgeted \$6,500 in each fund to make the first year's interest and principal payments.
- The budget included **\$20,000 to the Infrastructure & Sidewalk Capital Reserve fund** for future street and sidewalk improvements above Powell Bill allocations.
- We continued budgeting **\$6,000** for the continuation of the Hwy 49/Hwy 73 Intersection maintenance project.
- The budget included **\$79,600 for capital reserve** annual payments to make improvements to the Town Hall complex.
- The budget included **\$130,000 for capital reserve** annual payments for the Fire Department renovation.
- The Town Board approved opening a FD- Radio Capital Reserve account to save for the replacement of all handheld portable radios since the current ones will be obsolete by end of 2024 as mandated by Cabarrus County EMS. The budget included **\$11,000** to place in the account for FY 2022/2023.

Terry R. Holloway  
Town Manager

### Requests for Information

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

Mrs. Amy Schueneman Town Clerk P. O. Box 787, 8590 Park Drive, Mount Pleasant, North Carolina 28124  
phone 704-436-9803 (office) email townhall@mtpleasantnc.us website www.mtpleasantnc.org .

## TOWN OF MOUNT PLEASANT, NORTH CAROLINA

## STATEMENT OF NET POSITION

June 30, 2023

	Primary Government			Town of Mount Pleasant ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 2,659,485	\$ 1,531,631	\$ 4,191,116	\$ 49,345
Taxes receivables (net)	10,082	-	10,082	-
Accrued interest receivable on taxes	1,584	-	1,584	-
Accounts receivable (net)	3,984	129,647	133,631	-
Internal balances	(2,975)	2,975	-	-
Due from other governments	297,054	61,706	358,760	-
Inventories	-	-	-	231,473
Deposits on equipment	-	-	-	9,951
Prepaid items	-	-	-	10,626
Restricted cash	2,008,462	157,873	2,166,335	-
<b>Total current assets</b>	<b>4,977,676</b>	<b>1,883,832</b>	<b>6,861,508</b>	<b>301,395</b>
<b>Non-current assets</b>				
<b>Other assets</b>				
Right to use asset (net of accumulated amortization)	-	-	-	15,658
<b>Capital assets</b>				
Land, non-depreciable improvements and construction in progress	3,118,227	411,039	3,529,266	-
Other capital assets net of depreciation	3,013,653	3,166,811	6,180,464	3,470
<b>Total capital assets</b>	<b>6,131,880</b>	<b>3,577,850</b>	<b>9,709,730</b>	<b>19,128</b>
<b>Total assets</b>	<b>11,109,556</b>	<b>5,461,682</b>	<b>16,571,238</b>	<b>320,523</b>
<b>Deferred outflows of resources</b>				
OPEB deferrals	43,809	-	43,809	-
Pension deferrals	95,698	123,580	219,278	50,019
<b>Total deferred outflows of resources</b>	<b>139,507</b>	<b>123,580</b>	<b>263,087</b>	<b>50,019</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable & accrued liabilities	147,740	36,043	183,783	32,187
Advances from grantors	8,893	-	8,893	-
Accrued interest payable	8,933	942	9,875	-
Customer deposits	-	98,914	98,914	-
Due to other governments	-	-	-	48,236
Current portion of long-term debt	244,035	143,609	387,644	-
<b>Total current liabilities</b>	<b>409,601</b>	<b>279,508</b>	<b>689,109</b>	<b>80,423</b>
<b>Long-term liabilities:</b>				
Pensions - LGERS	141,814	183,132	324,946	-
OPEB liability	15,743	-	15,743	-
Accrued vacation	17,694	27,558	45,252	-
Debt - due in more than one year	3,763,874	122,750	3,886,624	69,159
<b>Total liabilities</b>	<b>4,348,726</b>	<b>612,948</b>	<b>4,961,674</b>	<b>149,582</b>
<b>Deferred inflows of resources</b>				
OPEB deferrals	49,692	-	49,692	-
Pension deferrals	8,589	11,092	19,681	6,530
<b>Total deferred inflows of resources</b>	<b>58,281</b>	<b>11,092</b>	<b>69,373</b>	<b>6,530</b>
<b>Net position</b>				
Net investment in capital assets	2,123,971	3,311,491	5,435,462	3,470
<b>Restricted for:</b>				
Capital projects	2,085,797	-	2,085,797	25,125
Stabilization by State Statute	268,172	-	268,172	-
Streets	46,713	-	46,713	-
Capital reserve	228,420	-	228,420	-
Other functions	-	-	-	65,769
<b>Unrestricted</b>	<b>2,088,983</b>	<b>1,649,731</b>	<b>3,738,714</b>	<b>120,066</b>
<b>Total net position</b>	<b>\$ 6,842,056</b>	<b>\$ 4,961,222</b>	<b>\$ 11,803,278</b>	<b>\$ 214,430</b>

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position			
		Program Revenue			Town of Mount Pleasant ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
General government	536,999	\$ -	\$ 354,073	\$ -	\$ (182,926)
Public safety	931,424	-	770,746	-	(160,678)
Public works	421,583	64,832	143,445	-	(213,306)
Cultural and recreational	81,416	-	-	7,000	(74,416)
Interest on long-term debt	93,823	-	-	-	(93,823)
Total governmental activities	2,065,245	64,832	1,268,264	7,000	(725,149)
Business-type activities					
Water and sewer	1,512,246	1,333,242	378,748	-	199,744
Total business-type activities	1,512,246	1,333,242	378,748	-	199,744
Total primary government	3,577,491	1,398,074	1,647,012	7,000	(525,405)
Component unit					
ABC Board	1,368,412	1,392,445	-	-	24,033
Total component unit	\$ 1,368,412	\$ 1,392,445	\$ -	\$ -	\$ 24,033
General Revenues:					
Taxes:					
Property taxes, levied for general purposes					988,107
Other taxes					-
Grants and contributions not restricted to specific programs					488,515
Unrestricted investment earnings					19,354
Miscellaneous, unrestricted					59,265
Gain (loss) on sale of capital assets					20,149
Gain on insurance recovery					122,802
Total general revenues not including transfers					20,859
Transfers					12,891
Total general revenues and transfers					33,750
Changes in net position					1,680,343
Net position, beginning					32,245
Net position, ending					1,712,588
					(354,873)
					1,325,470
					387,118
					1,712,588
					(1,598)
					22,435
					1,187,183
					586,862
					4,374,360
					10,616,095
					191,995
					\$ 6,842,056
					\$ 4,961,222
					\$ 11,803,278
					\$ 214,430

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

	Major Funds				Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Fund	Capital Project Fire Dept Fund	Capital Project Muni Complex Fund		
<b>Assets</b>						
Cash and cash equivalents	\$ 2,303,529	\$ -	\$ -		\$ 355,956	\$ 2,659,485
Restricted cash	83,068	-	1,766,219	159,175	-	2,008,462
Receivables (net)						
Property taxes	10,082	-	-	-	-	10,082
Accounts	3,984	-	-	-	-	3,984
Due from other government	264,188	-	12,152	20,715	-	297,055
<b>Total assets</b>	<b>2,664,851</b>	<b>-</b>	<b>1,778,371</b>	<b>179,890</b>	<b>355,956</b>	<b>4,979,068</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	111,386	-	-	-	-	111,386
Custody account liability	36,354	-	-	-	-	36,354
Advances from grantors	8,893	-	-	-	-	8,893
<b>Total liabilities</b>	<b>156,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,633</b>
<b>Deferred inflows of resources</b>						
Property taxes receivable	10,082	-	-	-	-	10,082
<b>Total deferred inflows of resources</b>	<b>10,082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,082</b>
<b>Fund balances</b>						
Restricted						
Stabilization by State statute	268,172	-	-	-	-	268,172
Streets	46,713	-	-	-	-	46,713
Capital reserve	-	-	-	-	228,420	228,420
Committed						
Capital project			1,778,371	179,890	127,536	2,085,797
Assigned						
Subsequent year's expenditures	38,000	-	-	-	-	38,000
Retiree health insurance	27,568	-	-	-	-	27,568
Unassigned	2,117,683	-	-	-	-	2,117,683
<b>Total fund balances</b>	<b>2,498,136</b>	<b>-</b>	<b>1,778,371</b>	<b>179,890</b>	<b>355,956</b>	<b>4,812,353</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,664,851</b>	<b>\$ -</b>	<b>\$ 1,778,371</b>	<b>\$ 179,890</b>	<b>\$ 355,956</b>	<b>\$ 4,979,068</b>

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

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

Total fund balances governmental funds		\$	4,812,353
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.			
Gross capital assets at historical cost	\$	8,949,326	
Accumulated depreciation		<u>(2,817,446)</u>	6,131,880
Effect of pension accruals on internal balances			(2,976)
Deferred outflows of resources related to OPEB are not reported in the funds			43,809
Deferred outflows of resources related to pensions are not reported in the funds			95,698
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.			1,584
Liabilities for earned revenues considered deferred inflows of resources in fund statements			10,082
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:			
Gross long-term debt beginning		(658,417)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)		(3,349,492)	
Net pension liability		(141,814)	
OPEB liability		<u>(15,763)</u>	(4,165,486)
Deferred inflows of resources related to pensions			(8,589)
Deferred inflows of resources related to OPEB			(49,692)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compenstated absences		(17,674)	
Accrued interest		<u>(8,933)</u>	(26,607)
Net position of governmental activities			<u>\$ 6,842,056</u>

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	Major Funds				Total Non-Major Funds	Total Governmental Funds
	General Fund	American Rescue Plan Fund	Capital Project Fire Dept Fund	Capital Project Muni Complex Fund		
Revenues:						
Ad valorem taxes	\$ 984,258	\$ -	\$ -	\$ -	\$ -	\$ 984,258
Unrestricted intergovernmental	512,539	-	-	-	-	512,539
Sales, permits, and fees	64,831	-	-	-	-	64,831
Restricted intergovernmental	143,444	354,073	-	-	-	497,517
Restricted intergovernmental -public safety	770,745	-	-	-	-	770,745
Investment earnings	38,974	-	807	43	87	39,911
Other revenues	27,155	-	-	-	-	27,155
Total revenues	<u>2,541,946</u>	<u>354,073</u>	<u>807</u>	<u>43</u>	<u>87</u>	<u>2,896,956</u>
Expenditures:						
Current						
General government	808,083	-	-	-	-	808,083
Public safety	799,626	-	-	-	-	799,626
Public works	494,499	-	-	-	-	494,499
Cultural and recreational	61,943	-	-	-	-	61,943
Debt service						
Principal	265,593	-	-	-	-	265,593
Interest	87,973	-	-	-	-	87,973
Capital outlay		-	1,002,052	1,240,239	-	2,242,291
Total expenditures	<u>2,517,717</u>	<u>-</u>	<u>1,002,052</u>	<u>1,240,239</u>	<u>-</u>	<u>4,760,008</u>
Revenues over (under) expenditures	<u>24,229</u>	<u>354,073</u>	<u>(1,001,245)</u>	<u>(1,240,196)</u>	<u>87</u>	<u>(1,863,052)</u>
Other financing sources (uses):						
Transfers to capital projects	(286,010)		79,446	-	206,564	-
Transfers to proprietary fund	(4,376)	(354,073)				(358,449)
Transfers from proprietary fund	3,576	-	-	-	-	3,576
Transfers from capital reserve fund	36,126	-	-	-	(36,126)	-
Proceeds from sale of assets	122,802	-	-	-	-	122,802
Insurance recovery	20,859	-	-	-	-	20,859
Installment purchase obligations	-	-	2,500,000	1,200,000	-	3,700,000
Total other financing sources (uses)	<u>(107,023)</u>	<u>(354,073)</u>	<u>2,579,446</u>	<u>1,200,000</u>	<u>170,438</u>	<u>3,488,788</u>
Net change in fund balance	(82,794)	-	1,578,201	(40,196)	170,525	1,625,736
Fund balances, beginning	<u>2,580,929</u>	<u>-</u>	<u>200,170</u>	<u>220,087</u>	<u>185,431</u>	<u>3,186,617</u>
Fund balances, ending	<u>\$ 2,498,136</u>	<u>\$ -</u>	<u>\$ 1,778,371</u>	<u>\$ 179,890</u>	<u>\$ 355,956</u>	<u>\$ 4,812,353</u>

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



**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

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

Net changes in fund balances-total governmental funds		\$ 1,625,736
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period:		
Capital outlay expenditures which were capitalized	\$ 2,687,793	
Depreciation expense	<u>(224,261)</u>	2,463,532
Cost of capital assets disposed of during the year not recognized on modified accrual basis:		
Contributions to the pension plan in the current fiscal year not included on the Statement of Activities		53,897
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in component revenue measurable but not available	(24,023)	
Change in unavailable revenues for tax revenues	<u>3,849</u>	(20,174)
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(3,700,000)	
Principal payments on long term debt	265,593	
Increase in accrued interest payable	<u>(5,850)</u>	(3,440,257)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported expenditures in governmental funds:		
Compensated absences	(41)	
Pension expense	(75,201)	
OPEB plan expense	<u>(7,171)</u>	(82,413)
Total change in net position of governmental activities		<u>\$ 600,321</u>

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

**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, 2023**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 963,535	\$ 963,535	\$ 984,258	\$ 20,723
Unrestricted intergovernmental	389,700	437,746	512,539	74,793
Sales, permits and fees	42,900	49,500	64,831	15,331
Restricted intergovernmental	51,500	153,951	143,444	(10,507)
Restricted intergovernmental -public safety	718,093	718,093	770,745	52,652
Investment earnings	2,000	38,000	38,974	974
Other revenues	6,500	13,500	27,155	13,655
Total revenues	2,174,228	2,374,325	2,541,946	167,621
Expenditures:				
Current				
General government	592,113	921,983	808,083	113,900
Public safety	996,375	847,275	799,626	47,649
Public works	441,220	546,776	494,499	52,277
Cultural and recreational	72,615	83,615	61,943	21,672
Debt service				
Principal	92,282	263,381	265,593	(2,212)
Interest	18,838	91,188	87,973	3,215
Total expenditures	2,213,443	2,754,218	2,517,717	236,501
Revenues over (under) expenditures	(39,215)	(379,893)	24,229	404,122
Other financing sources (uses):				
Transfer to other funds	(11,000)	(409,036)	(290,386)	118,650
Transfer from proprietary fund	-	39,702	3,576	(36,126)
Transfer from capital reserve general fund	-	-	36,126	36,126
Proceeds from sale of assets	-	110,000	122,802	12,802
Insurance recovery	-	-	20,859	20,859
Total other financing sources (uses)	(11,000)	(259,334)	(107,023)	152,311
Fund balance appropriated	50,215	639,227	-	(639,227)
Net change in fund balances	\$ -	\$ -	(82,794)	\$ (82,794)
Fund balances, beginning			2,580,929	
Fund balances, ending			\$ 2,498,136	

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

	Water and Sewer Fund	Total Proprietary Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	1,531,631	\$ 1,531,631
Accounts receivable (net)-billed	94,385	94,385
Accounts receivable (net)-unbilled	35,262	35,262
Due from other governments	61,706	61,706
Due from other funds	2,975	2,975
Restricted cash	157,873	157,873
Total current assets	<u>1,883,832</u>	<u>1,883,832</u>
Noncurrent assets		
Capital assets:		
Land and construction in progress	411,039	411,039
Fixed assets (net)	3,166,811	3,166,811
Total noncurrent assets	<u>3,577,850</u>	<u>3,577,850</u>
Total assets	<u>5,461,682</u>	<u>5,461,682</u>
Deferred outflows of resources		
Pension deferrals	123,580	123,580
Total deferred outflows of resources	<u>123,580</u>	<u>123,580</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	36,985	36,985
Customer deposits	98,914	98,914
Notes payable-current	143,609	143,609
Total current liabilities	<u>279,508</u>	<u>279,508</u>
Noncurrent liabilities:		
Net pension liability	183,132	183,132
Compensated absences	27,558	27,558
Notes payable-noncurrent	122,750	122,750
Total noncurrent liabilities	<u>333,440</u>	<u>333,440</u>
Total liabilities	<u>612,948</u>	<u>612,948</u>
Deferred inflows of resources		
Pension deferrals	11,092	11,092
Total deferred outflows of resources	<u>11,092</u>	<u>11,092</u>
<b>Net position</b>		
Net investment in capital assets	3,311,491	3,311,491
Unrestricted	1,649,731	1,649,731
Total net position	<u>\$ 4,961,222</u>	<u>\$ 4,961,222</u>

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2023**

	Water and Sewer Fund	Total Proprietary Funds
Operating revenues:		
Charges for services	\$ 1,257,594	\$ 1,257,594
Water and sewer taps	13,475	13,475
Restricted grants	378,748	378,748
Other operating revenues	62,173	62,173
	<hr/>	<hr/>
Total operating revenues	1,711,990	1,711,990
	<hr/>	<hr/>
Operating expenses:		
Billing and administration	350,886	350,886
Public works facility	30,757	30,757
Water distribution	168,072	168,072
Water treatment plant	478,555	478,555
Sewer collection	345,804	345,804
Abandoned capital project expense	-	-
Depreciation	127,728	127,728
	<hr/>	<hr/>
Total operating expenses	1,501,802	1,501,802
	<hr/>	<hr/>
Operating income (loss)	210,188	210,188
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Investment earnings	19,354	19,354
Interest paid on long-term debt	(10,444)	(10,444)
	<hr/>	<hr/>
Net nonoperating revenues (expenses)	8,910	8,910
	<hr/>	<hr/>
Income (loss) before contribuitons and transfers	219,098	219,098
	<hr/>	<hr/>
Transfer from American Rescure Plan Fund	354,073	354,073
Transfer from General Fund	4,376	4,376
Insurance recovery	12,891	12,891
Transfer to General Fund	(3,576)	(3,576)
	<hr/>	<hr/>
Change in net position	586,862	586,862
	<hr/>	<hr/>
Total net position, beginning	4,374,360	4,374,360
	<hr/>	<hr/>
Total net position, ending	\$ 4,961,222	\$ 4,961,222
	<hr/>	<hr/>

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2023**

	Water and Sewer Fund	Total Proprietary Funds
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,698,204	\$ 1,698,204
Cash paid for goods and services	(1,039,821)	(1,039,821)
Cash paid to employees for services	(335,542)	(335,542)
Customer deposits received and returned	3,869	3,869
Net cash provided by (used in) operating activities	<u>326,710</u>	<u>326,710</u>
Cash flows from noncapital financing activities:		
Increase (decrease) in amounts due from General Fund	(180,697)	(180,697)
Net cash provided by (used in) capital and related financing activities	<u>(180,697)</u>	<u>(180,697)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(389,429)	(389,429)
Principal paid on debt	(160,996)	(160,996)
Interest paid on debt	(10,842)	(10,842)
Insurance recovery	12,891	12,891
Proceeds from borrowing	139,908	139,908
Increase (decrease) in deferred revenues	354,073	354,073
Transfer from other funds	4,376	4,376
Transfer to other funds	(3,576)	(3,576)
Net cash provided by (used in) capital and related financing activities	<u>(53,595)</u>	<u>(53,595)</u>
Cash flows from investing activities:		
Interest on investments	19,354	19,354
Net increase (decrease) in cash and cash equivalents	111,772	111,772
Cash and cash equivalents at beginning of year	1,577,731	1,577,731
Cash and cash equivalents at end of year	<u>\$ 1,689,504</u>	<u>\$ 1,689,503</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 210,188	\$ 210,188
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	127,728	127,728
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	11,213	11,213
(Increase) decrease in deferred outflows of resources for pensions	(27,079)	(27,079)
(Increase) decrease in due from other governments	(47,858)	(47,858)
Increase (decrease) in accounts payable and accrued liabilities	19,967	19,967
Increase (decrease) in customer deposits	3,869	3,869
Increase (decrease) in compensated absences	(1,604)	(1,604)
Increase (decrease) in deferred revenue	(25,000)	(25,000)
Increase (decrease) in net pension liability	127,011	127,011
Increase (decrease) in deferred inflows of resources for pensions	(71,725)	(71,725)
Total adjustments	<u>116,522</u>	<u>116,522</u>
Net cash provided by (used in) operating activities	<u>\$ 326,710</u>	<u>\$ 326,710</u>

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**Town of Mount Pleasant ABC Board**

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

**B. Basis of Presentation**

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

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

**Fund Financial Statements-** The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following non-major governmental funds:

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

**Capital Project-S. Washington Street (CMAQ) -** This fund is used to account for the widening of S. Washington Street.

The Town reports the following major enterprise funds:

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

**USDA Financed Infrastructure Upgrade-** This fund is used to account for the renovation of the water and sewer lines funded by a proposed loan from United States Department of Agriculture.

The Town reports the following non-major enterprise funds:

**Water Distribution Improvements-** This fund is used to account for the renovation of the water distribution system funded by the State of North Carolina.

**Lower Adam Creek Sewer -** This fund is used to account for the renovation of the lower Adam Creek sewer system funded by the State of North Carolina.

**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.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**C. Measurement Focus and Basis of Accounting-continued**

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.

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

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for Special Revenue Funds and Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that transfer amounts between funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.



# TOWN OF MOUNT PLEASANT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

#### 1. Deposits and Investments

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

#### 2. Cash and Cash Equivalents

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

#### 3. Restricted Assets

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

#### Town of Mount Pleasant's Restricted Cash

Governmental activities		
General Fund	Streets	\$ 46,713
	Capital projects	1,925,394
	Public safety	36,355
		<u>\$2,008,462</u>
Business-type activities		
Water and Sewer Fund	Customer deposits	\$ 98,914
	Capital projects	58,959
		<u>\$ 157,873</u>
Total Restricted Cash		<u>\$2,166,335</u>

#### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

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

5. Allowance for Doubtful Accounts

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

6. Inventory

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

	<u>Useful Life</u>
Furniture and Equipment	5-10 Years
Leasehold Improvements	5-10 Years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, OPEB and pension deferrals for the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable and pension and OPEB deferrals.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

11. Reimbursements for Pandemic-related Expenditures

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

12. Net Position/Fund Balances

**Net Position**

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

**Fund Balances**

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

12. Net Position/Fund Balances-continued

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

*Restricted for Capital Projects* – Funds that are restricted by revenue source for the expenditures associated with the intended capital project.

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

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

*Assigned for Retiree Health Insurance*-portion of the fund balance that has been budgeted by the governing body for future retiree's health insurance premiums.

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

12. Net Position/Fund Balances-continued

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.

13. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LERS) and additions to/deductions from LERS' fiduciary net position have been determined on the same basis as they are reported by LERS. 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 LERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes: None
2. Contractual Violations: None

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

C. Excess of Expenditures over Appropriations: None

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

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

At June 30, 2023, the Town's deposits had a carrying amount of \$6,356,280 and a bank balance of \$6,621,109 of which \$281,901 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 \$444,444 and a bank balance of \$90,657 all of which was covered by federal depository insurance. At June 30, 2023 the Town's petty cash fund totaled \$161.

**2. Investments**

At June 30, 2023 the Town of Mount Pleasant had \$1,008 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's and AAAM-mf by Moody's Investors Service. The Town has no policy regarding credit risk and places no limit on the amount that the Town may invest in any one issuer.

The ABC Board owned no investments at June 30, 2023.

**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, 2023 are net of the following allowances for doubtful accounts:

General Fund	
Taxes receivable	\$ 1,807
Water and Sewer Fund	
Accounts receivable	<u>47,521</u>
Total	<u>\$ 49,328</u>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**A. Assets-continued**

**4. Capital Assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 523,849	\$ 45,000	\$ -	\$ 568,849
Construction in progress	307,087	2,242,291	-	2,549,378
Total capital assets not being depreciated:	830,936	2,287,291	-	3,118,227
Capital assets being depreciated:				
Buildings	1,759,154	282,361	-	2,041,515
Equipment	704,196	118,141	(26,476)	795,861
Land improvements	460,838	-	-	460,838
Vehicles and motorized equipment	2,713,372	-	(441,644)	2,271,728
Infrastructure	261,157	-	-	261,157
Total capital assets being depreciated:	5,898,717	400,502	(468,120)	5,831,099
Less, accumulated depreciation for:				
Buildings	797,231	49,732	-	846,963
Equipment	486,854	40,576	(26,476)	500,954
Land improvements	53,817	15,361	-	69,178
Vehicles and motorized equipment	1,603,888	109,887	(441,644)	1,272,131
Infrastructure	119,515	8,705	-	128,220
Total accumulated depreciation	3,061,305	224,261	(468,120)	2,817,446
Total capital assets being depreciated, net	2,837,412			3,013,653
Governmental activity capital assets, net	<u>\$ 3,668,348</u>			<u>\$ 6,131,880</u>

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

General government	\$ 37,191
Cultural and recreational	19,473
Environmental protection	12,888
Public safety	128,977
Public works	25,732
Total depreciation expense	<u>\$ 224,261</u>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**A. Assets-continued**

**4. Capital Assets-continued**

	Beginning Balances	Increases	(Decreases)	Ending Balances
Business-type activities: Water and Sewer Fund				
Capital assets not being depreciated				
Land	\$ 15,684	\$ -	\$ -	\$ 15,684
Construction in progress	180,475	214,880	-	395,355
Total capital assets not being depreciated:	196,159	214,880	-	411,039
Capital assets being depreciated:				
Buildings	613,604	-	-	613,604
Equipment	238,576	34,641	-	273,217
Motor vehicles	38,451	139,908	-	178,359
Water system	2,228,719	-	-	2,228,719
Sewer system	2,408,757	-	-	2,408,757
Total capital assets being depreciated:	5,528,107	174,549	-	5,702,656
Less, accumulated depreciation for:				
Buildings	154,732	14,545	-	169,277
Equipment	120,228	22,727	-	142,955
Motor vehicles	38,452	2,332	-	40,784
Water system	1,159,341	44,574	-	1,203,915
Sewer system	935,364	43,549	-	978,913
Total accumulated depreciation	2,408,117	127,727	-	2,535,844
Total capital assets being depreciated, net	3,119,990			3,166,812
Business-type activity capital assets, net	<u>\$ 3,316,149</u>			<u>\$ 3,577,850</u>

**Construction commitments**

The government has active construction projects as of June 30, 2023. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Fire Department Facility	\$ 1,329,677	\$ 1,819,991
Municipal Complex and Park Improvements	1,320,163	179,837
S. Washington Street Widening - CMAQ	-	637,590
Water Sewer Infrastructure Upgrade	217,404	8,052,596
Water Distribution Improvements	99,450	7,225,550
Lower Adams Creek Sewer Project	78,500	5,396,500
Total	<u>\$ 3,045,194</u>	<u>\$ 23,312,064</u>



**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**A. Assets-continued**

**4. Capital Assets-continued**

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases	(Decreases)	Ending Balances
Capital assets not being depreciated				
Start up expenses - new building	\$ 1,605	\$ -	\$ (1,605)	\$ -
Total capital assets not being depreciated:	1,605	-	(1,605)	-
Capital assets being depreciated:				
Equipment and furniture	34,565	-	-	34,565
Leasehold improvements	16,870	-	-	16,870
Total capital assets being depreciated:	51,435	-	-	51,435
Less, accumulated depreciation for:				
Equipment and furniture	29,237	1,858	-	31,095
Leasehold improvements	16,870	-	-	16,870
Total accumulated depreciation	46,107	1,858	-	47,965
Total capital assets being depreciated, net	5,328			3,470
Capital assets, net	\$ 6,933			\$ 3,470

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

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

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

**a. Local Governmental Employees' Retirement System-continued**

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mount Pleasant employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mount Pleasant's contractually required contribution rate for the year ended June 30, 2023, was 12.10% of compensation for employees not in law enforcement, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Mount Pleasant were \$53,897 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Town reported a liability of \$324,946 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's and Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Town's proportion was 0.00576%, which was a decrease of 0.00084% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$102,710. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

**a. Local Governmental Employees' Retirement System-continued**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 14,002	\$ 1,373
Changes of assumptions	32,422	-
Net difference between projected and actual earnings on pension plan investments	107,398	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,559	18,308
Town contributions subsequent to the measurement date	53,897	-
Total	<u>\$ 219,278</u>	<u>\$ 19,681</u>

The Town reported \$53,897 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 52,986
2025	34,505
2026	7,043
2027	51,166
2028	-
Thereafter	-
Total	<u>\$ 145,700</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent; net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

**a. Local Governmental Employees' Retirement System-continued**

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

**a. Local Governmental Employees' Retirement System-continued**

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension liability or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 586,486	\$ 324,946	\$ 109,422

**b. Supplemental Retirement Income 401(k) Plan**

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

(2) Funding policy: The Town of Mount Pleasant's policy is to contribute an amount equal to 5% of each employee's salary, and all amounts contributed are vested immediately. The town's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 were \$36,469, which consisted of \$23,176 from the Town and \$14,293 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, 2023

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

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

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

	<u>401(k)</u>	<u>LGERS</u>	<u>Total</u>
Pension expense	\$ 23,176	\$ 102,710	\$ 125,886
Pension liability	n/a	324,946	324,946
Proportionate share of the net pension liability	n/a	0.00576%	
Deferred outflows of resources			
Difference between expected and actual experience	-	14,002	14,002
Changes of assumptions	-	32,422	32,422
Net difference between projected and actual earnings on plan investments	-	107,398	107,398
Changes in proportion and differences between contributions and proportional share of contributions	-	11,559	11,559
Benefit payments and administrative costs paid subsequent to the measurement date	-	53,897	53,897
Deferred inflows of resources			
Difference between expected and actual experience	-	1,373	1,373
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	-	18,308	18,308

**d. Other Postemployment Benefit**

**Healthcare Benefits**

**Plan Description.** Fulltime employees hired prior to July 1, 2019 who retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and have worked a minimum of twenty (20) years with the Town may be eligible to participate in the Town's health plan.

Benefits are provided at no cost to the retiree up to the current rate paid for active full-time employees in the form of a stipend. The retiree is responsible for premiums in excess of this amount.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

**d. Other Postemployment Benefit-continued**

Health care and prescription drug coverage are provided by the Town until the retiree reaches Medicare eligibility. The retiree may continue dependent coverage and pay the full cost of this coverage, if enrolled in dependent coverage at the time of retirement.

There is currently no grandfathered retiree who receives dental, vision, and life coverage through the Town at no cost to the retiree. There are only 3 employees who can achieve eligibility through length of service employment in the future. The plan has been closed for employees hired after July 1, 2019.

**Total OPEB Liability**

The Town's total OPEB liability of \$15,763 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs.

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation 2.50%

Salary increases 3.25% - 8.41%, average, including inflation

Discount rate 3.54%

Healthcare cost trend rates Medical – 7.00%

The discount rate is based on the June average of the Bond Buyers General Obligation 20-year Municipal Bond Index as of the measurement date.

**Changes in the Total OPEB Liability:**

Total OPEB liability as of June 30, 2022	\$ 61,008
Service cost at the end of the year	5,673
Interest on TOL and cash flows	1,441
Change in benefit terms	-
Difference between expected and actual experience	(50,254)
Change of assumptions or other inputs	(2,125)
Benefit payments	-
Total OPEB liability as of June 30, 2023	<u>\$ 15,743</u>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

**1. Pension Plan and Postemployment Obligations-continued**

**d. Other Postemployment Benefit-continued**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54 percent) or one percentage point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 17,864	\$ 15,763	\$ 13,847

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB of the Town, as well as what the Town's OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.0 percent) or one percentage point higher (8.0 percent) than the current healthcare trend rate:

	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)
Total OPEB Liability	\$ 12,432	\$ 15,763	\$ 19,973

For the year ended June 30, 2023, the Town recognized OPEB expense of \$7,171. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,498	\$ 47,675
Town benefit payments subsequent to measurement date	-	-
Changes in assumptions or other inputs	13,311	2,017
Total	\$ 43,809	\$ 49,692



**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

**2. Deferred Outflows and Inflows of Resources**

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 53,897
Differences between expected and actual experience	
Pension plan	14,002
OPEB	30,498
Changes in assumptions	45,733
Net difference between projected and actual earnings on pension plan investments	107,398
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,559
Total	<u>\$ 263,087</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 10,082
Changes in assumptions	2,017	-
Differences between expected and actual experience	49,048	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,308	-
Total	<u>\$ 69,373</u>	<u>\$ 10,082</u>

**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, 2023. The Town does not carry an individual bond on a tax collector because it outsources its tax collection to Cabarrus County.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

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**

**Installment Purchases:**

In September 2022, the Town entered into an installment purchase contract with First Bank to finance the Fire Department renovations in the amount of \$2,500,000. The financing contract requires 80 consecutive quarterly principal and interest payments beginning December 8, 2022, with interest calculated on the unpaid principal balances using an interest rate of 3.08% per annum. The installment purchase is collateralized by the full faith, credit, and taxing power of the Town.

The future minimum payments of the installment contract as of June 30, 2023, based on the \$2,406,250 balance as of that date and scheduled annual payments of principal and interest which include \$728,760 of interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 125,000	\$ 73,679	\$ 198,679
2025	125,000	69,776	194,776
2026	125,000	64,972	189,972
2027	125,000	61,969	186,969
2028	125,000	58,065	183,065
2029-2033	625,000	231,775	856,775
2034-2038	625,000	131,189	756,189
2039-2043	531,250	37,334	568,584
	<u>\$2,406,250</u>	<u>\$ 728,760</u>	<u>\$3,135,010</u>

# TOWN OF MOUNT PLEASANT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

### 4. Long-Term Obligations (continued)

#### a. General Obligation Indebtedness (continued)

##### Installment Purchases (continued):

In September 2022, the Town entered into an installment purchase contract with First Bank to finance Park improvements in the amount of \$1,200,000. The financing contract requires 80 consecutive quarterly principal and interest payments beginning December 8, 2022, with interest calculated on the unpaid principal balances using an interest rate of 3.08% per annum. The installment purchase is collateralized by the full faith, credit, and taxing power of the Town.

The future minimum payments of the installment contract as of June 30, 2023, based on the \$1,152,483 balance as of that date and scheduled annual payments of principal and interest which include \$353,676 of interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 60,000	\$ 36,366	\$ 96,366
2025	60,000	33,492	93,492
2026	60,000	31,619	91,619
2027	60,000	29,745	89,745
2028	60,000	27,871	87,871
2029-2033	300,000	111,252	411,252
2034-2038	300,000	65,411	365,411
2039-2043	252,483	17,920	270,403
	<u>\$1,152,483</u>	<u>\$ 353,676</u>	<u>\$1,506,159</u>

In April 2023, the Town entered into an installment purchase contract with First Bank to finance the purchase of a Smeal Fire Engine in the amount of \$425,842. The financing contract requires 41 consecutive quarterly principal and interest payments of 12,030 beginning July 28, 2023 and one final payment on October 28, 2033 of \$3,845, with interest calculated on the unpaid principal balances using an interest rate of 3.01% per annum. The installment purchase is collateralized by the full faith, credit, and taxing power of the Town.

The future minimum payments of the installment contract as of June 30, 2023, based on the \$425,842 balance as of that date and scheduled annual payments of principal and interest which include \$71,226 of interest, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,702	\$ 12,417	\$ 48,119
2025	36,788	11,331	48,119
2026	37,908	10,211	48,119
2027	39,062	9,057	48,119
2028	40,251	7,868	48,119
2029-2033	220,400	20,195	240,595
2034	15,731	147	15,878
	<u>\$ 425,842</u>	<u>\$ 71,226</u>	<u>\$ 497,068</u>

At June 30, 2023, the Town of Mount Pleasant had a remaining legal debt margin of \$11,313,461.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

4. Long-Term Obligations (continued)

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, 2023, including interest of \$3,889, are as follows:

	Principal	Interest	Total
2024	\$ 73,094	\$ 3,889	\$ 76,983
	<u>\$ 73,094</u>	<u>\$ 3,889</u>	<u>\$ 76,983</u>

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, 2023, including interest of \$1,568, are as follows:

	Principal	Interest	Total
2024	\$ 58,962	\$ 1,568	\$ 60,530
	<u>\$ 58,962</u>	<u>\$ 1,568</u>	<u>\$ 60,530</u>

d. Installment Purchase-Public Works Building

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

The future minimum payments of the installment purchase as of June 30, 2023, including interest of \$334 are as follows:

	Governmental Activities		
	Principal	Interest	Total
2024	\$ 23,333	\$ 334	\$ 23,667
	<u>\$ 23,333</u>	<u>\$ 334</u>	<u>\$ 23,667</u>

B. Liabilities-continued

e. Installment Purchase-Public Works Building

On December 8, 2023, the Town entered into an installment purchase contract for \$139,908 to finance a 2022 Chevy Truck 550 with crane. The financing contract requires 10 consecutive quarterly principal and interest payments of 4,376 beginning March 3, 2023, with interest calculated on the unpaid principal balances using an interest rate of 4.50% per annum. The installment purchase is collateralized by the full faith, credit, and taxing power of the Town.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**B. Liabilities-continued**

**e. Installment Purchase-Public Works Building (continued)**

The future minimum payments of the installment purchase as of June 30, 2023, including interest of \$334 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,505	\$ 5,948	\$ 23,453
2025	17,505	5,396	48,119
2026	17,505	4,833	48,119
2027	17,505	4,245	48,119
2028	17,505	3,640	48,119
2029-2031	46,777	7,930	240,595
	<u>\$ 134,302</u>	<u>\$ 31,992</u>	<u>\$ 456,524</u>

**f. Changes in Long-Term Liabilities**

	<u>Balance</u>			<u>Balance</u>	<u>Current Portion</u>
	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	<u>of Balance</u>
Governmental activities:					
Installment purchases	\$ 573,501	\$ 4,125,842	\$ 691,435	\$ 4,007,908	\$ 244,035
Net pension liability (LGERS)	45,096	96,718	-	141,814	-
Net OPEB liability	61,008	-	45,265	15,743	-
Compensated absences	17,633	61	-	17,694	-
Governmental activities long-term liabilities	<u>\$ 697,238</u>	<u>\$ 4,222,621</u>	<u>\$ 736,700</u>	<u>\$ 4,183,159</u>	<u>\$ 244,035</u>
Business-type activities:					
Installment purchases	\$ 287,446	\$ -	\$ 21,087	\$ 266,359	\$ 143,609
Net pension liability (LGERS)	56,121	127,011	-	183,132	-
Compensated absences	29,163	-	1,605	27,558	-
Governmental activities long-term liabilities	<u>\$ 372,730</u>	<u>\$ 127,011</u>	<u>\$ 22,692</u>	<u>\$ 477,049</u>	<u>\$ 143,609</u>

**C. Interfund Balances and Activity**

Balances due to/from other funds at June 30, 2023 consist of the following:

To	Water Sewer	\$ 400,275
From	General Fund	2,975
From	Water Sewer Infrastructure Upgrade Capital Project	260,000
From	Water Distribution Improvements Capital Project	82,100
From	Lower Adams Creek Capital Project	55,200

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2023

**C. Interfund Balances and Activity (continued)**

Transfers to/from other funds at June 30, 2023, consist of the following:

From the General Fund to the General Capital Project Funds - to fund the projects	\$ 206,964
From the American Rescue Plan Act Fund to the Water Sewer Fund to satisfy the Standard Allowance provision of the act	354,073
From the General Fund to the Capital Reserve Fund to satisfy the budget ordinance	79,046
From the General Fund to the Water Sewer Fund to satisfy the budget ordinance	4,376
From the Capital Reserve Fund to the General Fund to satisfy the budget ordinance	36,126
From the Water Sewer Fund to the General Fund to satisfy the budget ordinance	3,576
From the Water Sewer Fund to the Water Sewer Capital Project Fund - to fund the project	50,000

**D. Net Investment in Capital Assets**

	<b>Governmental</b>	<b>Business-type</b>
Capital Assets	\$ 6,131,880	\$ 3,577,850
less: long-term debt	4,007,909	266,359
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 2,123,971</u>	<u>\$ 3,311,491</u>

**E. Fund Balance**

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

<b><u>Total fund balance - General Fund</u></b>	<b><u>\$ 2,498,136</u></b>
Less:	
Stabilization by State Statute	268,172
Streets - Powell Bill	46,713
Assigned for subsequent year's expenditures	38,000
Retiree health insurance	27,568
Remaining Fund Balance	<u>\$ 2,117,683</u>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**E. Fund Balance (continued)**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
	\$0	

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, 2023, 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, 2023. 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. Change in Accounting Principal**

The Town analyzed its need to implement GASB 96, Subscription-Based Information Technology Arrangements, and determined it would not have a material effect on the Town's financials.

**VII. Subsequent Events**

Town administrative staff has evaluated subsequent events through October 28, 2023, the date the financial statements were available to be issued. The ABC Board management has evaluated subsequent events through September 27, 2023, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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This section contains additional information required by  
generally accepted accounting principles.

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- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in the Total OPEB Liability and Related Ratios



**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**TOWN OF MOUNT PLEASANT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Last Ten Fiscal Years**

**Local Government Employees' Retirement System**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Mount Pleasant's proportion of the net pension liability (asset) (%)	0.57600%	0.00660%	0.00693%	0.00536%	0.00459%	0.00428%	0.00420%	0.00320%	0.00528%	0.00510%
Mount Pleasant's proportion of the net pension liability (asset) (\$)	\$ 324,946	\$ 101,217	\$ 247,638	\$ 146,377	\$ 108,890	\$ 65,387	\$ 89,139	\$ 14,361	\$ (31,138)	\$ 61,475
Mount Pleasant's covered-employee payroll	\$ 434,814	\$ 438,069	\$ 428,512	\$ 409,300	\$ 340,651	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171	\$ 234,569
Mount Pleasant's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	74.73%	23.11%	57.79%	35.76%	31.97%	23.51%	31.06%	4.59%	(10.44%)	26.21%
Plan fiduciary net position as a percentage of the total pension liability	94.93%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.47%	94.35%

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**TOWN OF MOUNT PLEASANT'S CONTRIBUTIONS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Last Ten Fiscal Years**

**Local Government Employees' Retirement System**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 53,897	\$ 49,351	\$ 50,426	\$ 64,662	\$ 56,852	\$ 46,465	\$ 37,241	\$ 18,928	\$ 24,671	\$ 21,081
Contributions in relation to the contractually required contribution	53,897	49,351	50,426	64,662	56,852	46,465	37,241	18,928	24,671	21,081
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mount Pleasant's covered-employee payroll	\$ 445,429	\$ 434,814	\$ 438,069	\$ 428,512	\$ 409,300	\$ 340,651	\$ 278,125	\$ 286,972	\$ 312,741	\$ 298,171
Contributions as a percentage of covered employee payroll	12.10%	11.35%	11.51%	15.09%	13.89%	13.64%	13.39%	6.60%	7.89%	7.07%

**Town of Mount Pleasant, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2023**

<b>Total OPEB liability</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Beginning balance	\$ 61,008	\$ 46,815	\$ 6,918	\$ 12,906	\$ 18,348	\$ -
Service Cost	5,695	5,673	-	-	-	-
Interest on total pension liability	1,441	1,160	164	383	544	-
Differences between expected and actual experience in the measurement of the total pension liability	(50,255)	-	36,228	(204)	235	-
Changes of assumptions or other inputs	(2,126)	7,360	8,001	13	(41)	-
Benefit payments	-	-	(4,496)	(6,180)	(6,180)	-
Other changes	-	-	-	-	-	-
Ending balance of the total OPEB liability	<u>\$ 15,763</u>	<u>\$ 61,008</u>	<u>\$ 46,815</u>	<u>\$ 6,918</u>	<u>\$ 12,906</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

Actuarial information for 2018 is not available

Covered employee payroll is not provided since there are fewer than 10 participants in the plan.

Changes in assumptions: Changes of assumptions and other inputs reflects the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

<u>Fiscal year</u>	<u>Rate</u>
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Taxes	\$ 960,285	\$ 980,694	\$ 20,409	\$ 967,269
Penalties and interest	3,250	3,564	314	6,045
Total	963,535	984,258	20,723	973,314
<b>Unrestricted intergovernmental</b>				
Local option sales tax	276,000	367,162	91,162	343,921
Utility sales tax	80,000	95,535	15,535	86,871
Telecommunications sales tax	9,000	7,557	(1,443)	8,902
Local video program tax	17,700	10,602	(7,098)	15,777
Beer and wine taxes	7,000	7,660	660	6,703
ABC profit distribution	48,046	24,023	(24,023)	-
Total	437,746	512,539	74,793	462,174
<b>Sales, permits, and fees</b>				
Rent and other	14,000	18,225	4,225	16,475
Solid waste fees	4,000	8,618	4,618	5,677
Demo fees-code enforcement liens	400	5,819	5,419	1,092
Recycling fees	21,000	21,719	719	23,283
Permits and fees	10,100	10,450	350	10,920
Total	49,500	64,831	15,331	57,447
<b>Restricted intergovernmental</b>				
Solid waste disposal tax	1,500	1,362	(138)	1,273
Plymovent Federal Grant by FEMA	78,095	79,476	1,381	-
ESHPF Grant	24,000	12,250	(11,750)	-
Powell Bill allocation	50,356	50,356	-	51,055
Total	153,951	143,444	(10,507)	52,328
<b>Restricted intergovernmental-public safety</b>				
FEMA grant	-	-	-	844
Cabarrus Co. EMS grant	1,000	1,000	-	1,000
Contract fire-Cabarrus Co.	585,363	619,810	34,447	610,712
Contract fire-Cabarrus Co tax distribution	131,730	149,935	18,205	120,188
Total	718,093	770,745	52,652	732,744
<b>Investment earnings</b>	38,000	38,974	974	2,707
<b>Other revenues</b>				
Carolina Thread Trail grant	-	-	-	43,923
Arts council grant	7,000	7,000	-	-
Private contributions	-	-	-	28
Miscellaneous	4,000	7,162	3,162	2,603
Events revenue	2,500	12,993	10,493	5,785
Total	13,500	27,155	13,655	52,339
Total revenues	2,374,325	2,541,946	167,621	2,333,053

**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, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
<b>Expenditures</b>				
<b>General government</b>				
Town Hall				
Contracted services	10,000	5,125	4,875	5,679
Utilities	18,000	12,087	5,913	10,684
Maintenance and repairs-building	10,000	12,816	(2,816)	14,459
Maintenance and repairs-equipment	1,000	200	800	497
Insurance-property and casualty	40,000	39,300	700	35,553
Telephone	11,500	10,482	1,018	11,274
Cleaning supplies	500	234	266	206
Fuel	500	264	236	285
Capital outlay building	-	-	-	193,346
<b>Total</b>	<b>91,500</b>	<b>80,508</b>	<b>10,992</b>	<b>271,983</b>
Governing body				
Mayor-stipend	7,800	7,200	600	7,800
Board member stipend	15,000	15,000	-	15,000
Social security	1,750	1,698	52	1,698
Education and travel	500	-	500	-
Election fee	7,500	-	7,500	4,292
Cabarrus Economic Development	2,500	2,000	500	2,000
Cabarrus Rowan MPO	500	380	120	287
Communications-mobile	-	600	(600)	-
Meeting and supplies	3,000	1,084	1,916	431
Board miscellaneous expense	1,849	1,221	628	405
<b>Total</b>	<b>40,399</b>	<b>29,183</b>	<b>11,216</b>	<b>31,913</b>
Administration and Finance				
Salaries and wages	51,700	52,651	(951)	48,469
Salaries and wages-longevity	1,250	1,250	-	1,250
Health insurance	9,075	7,081	1,994	7,291
Insurance-dental/vision	1,452	488	964	375
Social security	5,000	5,821	(821)	4,869
Employee benefits-retirement	6,500	6,522	(22)	5,812
Employee benefits-401k	2,650	2,794	(144)	2,423
Dues and subscriptions	3,700	3,454	246	990
Education and travel	6,000	3,139	2,861	2,448
Insurance-workman's comp	2,600	620	1,980	(90)
Attorney fees	11,000	10,889	111	11,451
Auditor fees	18,000	11,280	6,720	13,670
Tax collection expense	5,000	4,694	306	4,406
Tax penalty paid to school system	1,000	1,672	(672)	575
Town branding	30,215	25,598	4,617	-
Contracted services	40,500	38,916	1,584	33,567
Communications-mobile	2,600	2,640	(40)	2,520
Advertising	3,500	1,465	2,035	2,324
Office supplies and postage	6,500	4,119	2,381	4,281
Computers and software	13,145	12,111	1,034	13,133
Office staff uniforms	200	-	200	-
Attorney fees-municipal complex	28,600	8,082	20,518	-
Capital outland-real estate acquisition	325,000	327,361	(2,361)	210,547
Miscellaneous	4,787	7,240	(2,453)	1,547
<b>Total</b>	<b>579,974</b>	<b>539,887</b>	<b>40,087</b>	<b>371,858</b>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
Planning and development				
Salaries and wages	54,000	54,440	(440)	54,152
Salaries and wages code enforcement	8,000	10,097	(2,097)	3,805
Planning board stipend	7,200	7,200	-	7,200
Health insurance	6,900	6,052	848	5,867
Insurance-dental/vision	540	360	180	423
Social security	5,800	5,488	312	4,984
Employee benefits-retirement	6,900	6,587	313	8,612
Employee benefits-401k	2,700	2,722	(22)	-
Dues and subscriptions	1,000	586	414	616
Education and travel	2,000	802	1,198	325
Attorney fees	10,000	1,535	8,465	1,187
Contracted services-planning	3,000	3,000	-	3,000
Abatement & demolition	5,000	-	5,000	-
Town branding expense	5,000	150	4,850	3,760
Studies-planning	44,000	25,800	18,200	15,000
Downtown development	6,000	-	6,000	-
Facade improvement program	31,870	24,431	7,439	4,337
Economic development	2,500	3,200	(700)	-
Advertising	5,000	2,516	2,484	1,412
Uniforms	200	-	200	-
Resources & manuals	500	159	341	-
Code enforcement-miscellaneous	1,000	2,306	(1,306)	775
Department supplies and postage	1,000	1,074	(74)	696
Total	210,110	158,505	51,605	116,151
Total general government	921,983	808,083	113,900	791,905

**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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2022 Actual</u>
<b>Public safety</b>				
Law enforcement				
Contract services-Cabarrus County	151,193	151,193	-	151,193
Maintenance and repair -vehicles and equipment	3,000	1,585	1,415	1,556
Departmental supplies and postage	500	600	(100)	100
Fuel	10,000	4,923	5,077	5,100
Total	<u>164,693</u>	<u>158,301</u>	<u>6,392</u>	<u>157,949</u>
Fire department				
Salaries and wages	415,520	377,916	37,604	338,634
Pay per call	4,000	452	3,548	2,796
Health insurance	3,800	3,130	670	2,983
Insurance-dental/vision	200	150	50	155
Social security	32,000	28,945	3,055	26,108
Employee benefits-retirement	3,100	3,114	(14)	2,908
Employee benefits-401k	1,300	1,287	13	1,285
Dues and subscriptions	7,250	16,203	(8,953)	1,020
Firemen's physicals	287	-	287	-
Background checks	-	76	(76)	-
Insurance-workman's comp	15,000	15,000	-	16,951
Auditing services	3,000	3,000	-	2,000
Utilities	12,500	5,886	6,614	10,357
Maintenance and repairs-building	11,500	4,668	6,832	2,492
Maintenance and repairs-vehicles and equipment	45,000	64,897	(19,897)	60,064
Insurance-property and casualty	31,113	30,515	598	23,761
Telephone	4,100	6,467	(2,367)	3,775
Communications-mobile	3,250	2,604	646	3,141
Departmental supplies and materials	3,800	6,277	(2,477)	1,480
Office supplies	400	167	233	101
Fire and rescue supplies	30,000	14,917	15,083	18,586
Uniforms	5,000	4,345	655	1,984
EMS supplies	3,000	2,315	685	2,314
Computers and software	9,000	6,640	2,360	14,277
Personal protective gear	15,000	12,609	2,391	19,224
Fuel	20,500	16,382	4,118	13,996
Capital outlay-building	-	8,395	(8,395)	-
Capital outlay-vehicles & equipment	-	-	-	242,661
Miscellaneous	2,962	4,968	(2,006)	4,921
Total	<u>682,582</u>	<u>641,325</u>	<u>41,257</u>	<u>817,974</u>
Total public safety	<u>847,275</u>	<u>799,626</u>	<u>47,649</u>	<u>975,923</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, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
<b>Public works</b>				
Public works facilities general				
Contracted services	600	-	600	44
Utilities	32,500	32,393	107	33,142
Maintenance and repairs-building	5,000	2,148	2,852	3,526
Insurance property and casualty	3,400	2,486	914	3,250
Telephone	1,900	1,959	(59)	1,470
Department supplies & postage	400	621	(221)	154
Miscellaneous	2,500	853	1,647	388
Total	46,300	40,460	5,840	41,974
<b>Streets</b>				
Salaries	27,000	22,728	4,272	32,485
Salaries-part time	4,000	8,552	(4,552)	14,310
Health insurance	5,500	4,665	835	4,675
Insurance-dental/vision	320	192	128	221
Social security	2,750	2,393	357	3,580
Employee benefits-retirement	3,400	2,750	650	2,764
Employee benefits-401k	1,500	1,126	374	1,223
Education and travel	500	90	410	-
Insurance-workman's comp	4,200	900	3,300	1,396
Contracted services-engineer	7,500	-	7,500	3,355
Contracted services-other	-	(500)	500	57,800
Snow and ice removal	2,000	163	1,837	1,669
Maintenance and repairs-veh & equip	7,500	5,621	1,879	10,488
Maintenance and repairs-sidewalks	5,000	2,250	2,750	6,617
Maintenance and repairs-streets	12,500	8,576	3,924	469
Maintenance and repairs-parking lot	5,000	3,210	1,790	-
Departmental supplies and materials	3,500	15,262	(11,762)	5,549
Fuel	3,700	718	2,982	643
Powell Bill expenditures	50,356	56,163	(5,807)	39,602
Capital outlay-vehicles & equipment	125,200	118,439	6,761	5,338
Total	271,426	253,298	18,128	192,184
<b>Sanitation</b>				
Contract services-recycling	20,000	20,533	(533)	18,648
Contract services	77,500	75,487	2,013	68,544
Landfill fees	39,000	35,290	3,710	35,757
Departmental supplies and postage	12,000	1,132	10,868	20
Total	148,500	132,442	16,058	122,969
<b>Buildings and grounds</b>				
Salaries	46,000	37,524	8,476	40,803
Salaries-part time	7,000	8,552	(1,552)	-
Health insurance	9,600	9,217	383	8,032
Insurance-dental/vision	550	230	320	312
Social security	4,000	3,525	475	3,122
Social Security-part time	-	-	-	-
Employee benefits-retirement	5,500	4,541	959	4,576
Employee benefits-401k	2,300	1,876	424	1,826
Insurance-workman's comp	2,800	900	1,900	1,396
Maintenance and repairs-veh & equip	1,200	732	468	627
Departmental supplies and postage	1,600	1,202	398	2,418
Total	80,550	68,299	12,251	63,112
Total public works	546,776	494,499	52,277	420,239



**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, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
<b>Cultural and recreational</b>				
Park maintenance	20,000	19,861	139	12,582
Mt Pleasant beautification	5,000	4,041	959	8,738
CVAN-Battered Shelter	500	-	500	500
Cabarrus Arts Council	1,000	1,000	-	1,000
Eastern Cabarrus Historical Society	1,000	1,000	-	1,000
Cabarrus Health Alliance	500	420	80	420
Youth council	1,000	900	100	547
Independence day celebration	24,500	12,606	11,894	19,133
Christmas parade	1,500	2,185	(685)	830
Charitable contribution	400	30	370	30
Christmas decorations	2,215	8,177	(5,962)	-
Events expense	10,000	7,252	2,748	6,825
Trailhead at Mailbu Road	4,000	4,471	(471)	-
Capital outlay-buildings and grounds	12,000	-	12,000	85,535
Total cultural and recreational	83,615	61,943	21,672	137,140
<b>Debt service</b>				
Principal	263,381	265,593	(2,212)	84,916
Interest	91,188	87,973	3,215	19,031
Total debt service	354,569	353,566	1,003	103,947
Total expenditures	2,754,218	2,517,717	236,501	2,429,154
Revenues over (under) expenditures	(379,893)	24,229	404,122	(96,101)
<b>Other financing sources (uses)</b>				
Transfer to capital projects fund	(215,613)	(206,964)	8,649	(55,000)
Transfer to capital reserve general fund	(189,046)	(79,046)	110,000	(291,421)
Transfer to proprietary fund	(4,377)	(4,376)	1	3,000
Transfer from proprietary fund	39,702	3,576	(36,126)	-
Transfer from capital reserve general fund	-	36,126	36,126	193,150
Sale of capital assets	110,000	122,802	12,802	256,525
Insurance recovery	-	20,859	20,859	106,026
Total	(259,334)	(107,023)	152,311	212,280
Fund balance appropriated	639,227	-	(639,227)	-
Net change in fund balance	\$ -	(82,794)	\$ (82,794)	116,179
<b>Fund balances</b>				
Fund balances, beginning		2,580,929		2,464,750
Fund balances, ending		\$ 2,498,136		\$ 2,580,929

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**CORONAVIRUS STATE & LOCAL FISCAL RECOVERY FUNDS CFDA 21.027 (ARPA FUNDS)**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

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

**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, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 492	\$ 807	\$ 1,299	\$ 1,299
Total revenues	-	492	807	1,299	1,299
Expenditures					
Building construction	2,228,800	-	965,583	965,583	1,263,217
Parking lot construction	100,000	-	-	-	100,000
Engineering and architect fees	350,000	322,125	11,600	333,725	16,275
Miscellaneous	470,868	5,500	24,869	30,369	440,499
Total expenditures	3,149,668	327,625	1,002,052	1,329,677	1,819,991
Revenues over (under) expenditures	(3,149,668)	(327,133)	(1,001,245)	(1,328,378)	1,821,290
Other financing sources (uses)					
Transfer from General Fund	649,668	527,303	79,446	606,749	(42,919)
Proceeds from installment borrowing	2,500,000	-	2,500,000	2,500,000	-
Total other financing sources (uses)	3,149,668	527,303	2,579,446	3,106,749	(42,919)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 200,170	\$ 1,578,201	\$ 1,778,371	\$ 1,778,371

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**CAPITAL PROJECT-MUNICIPAL COMPLEX AND PARK IMPROVEMENTS - GENERAL FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest income	\$ -	\$ 11	\$ 43	\$ 54	\$ 54
Total revenues	-	11	43	54	54
<b>Expenditures</b>					
Construction	1,255,137	78,674	1,133,452	1,212,126	43,011
Miscellaneous and contingency	244,863	1,250	106,787	108,037	136,826
Total expenditures	1,500,000	79,924	1,240,239	1,320,163	179,837
Revenues over (under) expenditures	(1,500,000)	(79,913)	(1,240,196)	(1,320,109)	179,891
<b>Other financing sources (uses)</b>					
Transfer from NC State SCIF fund	300,000	300,000	-	300,000	-
Proceeds from installment borrowing	1,200,000	-	1,200,000	1,200,000	-
Total other financing sources (uses)	1,500,000	300,000	1,200,000	1,500,000	-
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ 220,087</u>	<u>\$ (40,196)</u>	<u>\$ 179,890</u>	<u>\$ 179,890</u>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2023**

	Capital Projects		Total Non-major Governmental Funds
	Capital Reserve Fund	CMAQ Project Fund	
<b>Assets</b>			
Cash and cash equivalents	\$ 228,420	\$ 127,536	\$ 355,956
Restricted cash	-	-	-
Due from other government	-	-	-
Total assets	<u>228,420</u>	<u>127,536</u>	<u>355,956</u>
<b>Liabilities and fund balances</b>			
Liabilities			
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Capital reserve	228,420	-	228,420
Capital project	-	127,536	127,536
Total fund balances	<u>228,420</u>	<u>127,536</u>	<u>355,956</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 228,420</u>	<u>\$ 127,536</u>	<u>\$ 355,956</u>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	Capital Projects		Total Non-major Governmental Funds
	Capital Reserve Fund	CMAQ Project Fund	
Revenues			
Interest income	\$ 69	18	\$ 87
Total revenues	69	18	87
Other financing sources (uses)			
Transfer from General Fund	79,046	127,518	206,564
Transfer to General Fund	(36,126)		(36,126)
Total other financing sources (uses)	42,920	127,518	170,438
Revenues and other financing sources over (under) expenditures and other financing uses	42,989	127,536	170,525
Fund balance, beginning	185,431	-	185,431
Fund balance, ending	\$ 228,420	\$ 127,536	\$ 355,956

**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, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Interest income	\$ -	\$ 221	\$ 69	\$ 290	\$ 290
Total revenues	-	221	69	290	290
Other financing sources (uses)					
Debt proceeds				-	-
Transfer from General Fund	400,000	462,880	79,046	541,926	141,926
Transfer from Water Sewer Fund	-	-	-	-	-
Transfer to General Fund	(400,000)	(277,670)	(36,126)	(313,796)	86,204
Total other financing sources (uses)	-	185,210	42,920	228,130	228,130
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 185,431	\$ 42,989	\$ 228,420	\$ 228,420

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**CAPITAL PROJECT - S. WASHINGTON STREET (CMAQ) - GENERAL FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Federal grant	\$ 510,072	\$ -	\$ -	\$ -	\$ (510,072)
Interest income	-	-	18	18	18
Total revenues	510,072	-	18	18	(510,054)
Expenditures					
Construction	637,590	-	-	-	637,590
Miscellaneous and contingency	-	-	-	-	-
Total expenditures	637,590	-	-	-	637,590
Revenues over (under) expenditures	(127,518)	-	18	18	127,536
Other financing sources (uses)					
Transfer from General Fund	127,518	-	127,518	127,518	-
Total other financing sources (uses)	127,518	-	127,518	127,518	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 127,536	\$ 127,536	\$ 127,536



**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, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
<b>Revenues</b>				
Charges for services				
Water charges	\$ 726,000	\$ 696,010	\$ (29,990)	\$ 685,028
Sewer charges	581,000	561,585	(19,415)	550,721
Customer fees	39,500	39,518	18	
Water and sewer taps	10,000	13,475	3,475	76,650
FEMA grant for dam repairs	172,963	222,148	49,185	
ESHPP grant	65,000	57,000	(8,000)	
Lease revenue cell phone satellites	21,000	22,502	1,502	21,846
Other operating revenues	1,000	153	(847)	31,788
Total operating revenues	1,616,463	1,612,391	(4,072)	1,366,033
Nonoperating revenues				
Investment earnings	19,000	19,295	295	1,782
Total nonoperating revenues	19,000	19,295	295	1,782
Total revenues	1,635,463	1,631,686	(3,777)	1,367,815
<b>Expenditures</b>				
Billing and water sewer administration				
Salaries and wages	92,750	91,136	1,614	84,439
Salaries and wages longevity	500	500	-	500
Health insurance	16,000	14,528	1,472	15,000
Insurance-dental/vision	900	825	75	747
Social security	8,800	8,268	532	7,565
Employee benefits-retirement	11,200	11,088	112	9,604
Employee benefits-401k	4,700	4,582	118	5,300
Employee benefits-future ret.insurance	3,000	-	3,000	
Dues and subscriptions	700	625	75	615
Insurance-workman's comp	2,600	1,659	941	1,744
Contracted services-engineer	67,600	57,173	10,427	23,255
Auditor fees	18,000	15,378	2,622	11,000
Attorney fees	5,000	5,056	(56)	3,560
Contracted services-administration	17,500	18,780	(1,280)	13,950
Equipment lease	5,500	5,391	109	4,342
Studies	65,000	57,000	8,000	
Transaction processing fees	13,000	13,892	(892)	11,698
Communications-mobile	2,500	2,411	89	2,439
Office supplies and postage	13,400	11,459	1,941	8,886
Uniforms	3,000	3,479	(479)	2,591
Fuel	2,386	3,731	(1,345)	2,563
Miscellaneous	17,637	7,189	10,448	3,158
Bad debt provision	-	6,589	(6,589)	(1,771)
Total billing and administrative	371,673	340,739	30,934	211,185

**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, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
Expenditures-continued				
Public Works Facility-Water and Sewer				
Contracted services	-	113	(113)	
Utilities	11,750	11,132	618	9,002
Maintenance and repairs-building	12,000	9,116	2,884	744
Insurance-property and casualty	9,000	4,742	4,258	3,000
Telephone	6,000	5,498	502	5,326
Office supplies	600	156	444	86
Total public works facility	39,350	30,757	8,593	18,158
Water distribution				
Salaries and wages	46,000	42,379	3,621	44,612
Salaries and wages-part time	7,000	8,552	(1,552)	
Health insurance	9,600	8,480	1,120	9,100
Insurance-dental/vision	550	504	46	509
Social security	4,000	3,896	104	3,413
Employee benefits-retirement	5,500	5,128	372	5,006
Employee benefits-401k	2,300	2,044	256	2,835
Education and travel	1,000	109	891	129
Contracted services	4,800	10,402	(5,602)	3,600
Water purchase	10,000	2,936	7,064	2,219
Maintenance and repairs-hydrants	22,091	5,790	16,301	627
Maintenance and repairs-veh& equip.	2,892	2,353	539	1,888
Maintenance and repairs-water lines	30,000	26,709	3,291	41,433
Maintenance and repairs-meters	32,500	35,295	(2,795)	32,883
Departmental supplies	8,000	8,234	(234)	5,359
Capital outlay-vehicles and equipment	17,300	17,300	-	
Miscellaneous	673	614	59	275
Total water distribution	204,206	180,725	23,481	153,888
Water treatment plant				
Salaries and wages	74,763	74,762	1	71,302
Salaries and wages-part time	30,000	25,480	4,520	20,794
Salaries and wages-longevity	250	250	-	250
Health insurance	8,500	7,555	945	7,199
Insurance-dental/vision	475	435	40	435
Social security	8,015	7,688	327	7,064
Employee benefits-retirement	9,100	9,076	24	8,089
Employee benefits-401k	3,800	3,751	49	3,565
Dues and subscriptions	5,250	4,757	493	5,884
Education and travel	500	255	245	255
Insurance-workers comp	3,000	1,659	1,341	1,396
Insurance-property and casualty	3,500	3,500	-	3,300
Contracted services	33,250	31,163	2,087	31,564
Utilities	48,000	38,771	9,229	36,096
Maintenance and repairs-building	2,800	4,324	(1,524)	7,253
Maintenance and repairs-vehicle	800	1,148	(348)	324
Maintenance and repairs-equipment	216,963	209,823	7,140	31,235
Telephone	2,000	1,870	130	1,486
Mobil communications	600	600	-	600
Departmental supplies	9,250	9,077	173	9,947
Office supplies	500	382	118	55

**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, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
Expenditures-continued				
Chemicals	33,000	34,335	(1,335)	27,955
Computers & software	1,200	-	1,200	-
Fuel	200	172	28	510
Miscellaneous	705	1,306	(601)	1,151
Total water treatment plant	496,421	472,139	24,282	277,709
Sewer collection				
Salaries and wages	46,000	41,924	4,076	43,685
Salaries and wages-part time	7,000	8,520	(1,520)	
Health insurance	9,600	8,480	1,120	9,100
Health reimbursement account	-	-	-	
Insurance-dental/vision	550	504	46	553
Social security	4,000	3,859	141	3,342
Social Security-part time	-	-	-	
Employee benefits-retirement	5,500	5,073	427	4,903
Employee benefits-401k	2,300	1,995	305	2,092
Education and travel	2,000	24	1,976	1,712
Sewage treatment	220,000	229,648	(9,648)	185,234
Maintenance and repairs-veh & equip.	5,836	5,635	201	2,238
Maintenance and repairs-sewer lines	25,000	4,128	20,872	17,444
Maintenance and repairs-pump station	17,500	22,346	(4,846)	24,402
Maintenance and repairs-manholes/covers	32,500	-	32,500	
Departmental supplies	2,500	8,358	(5,858)	3,146
Capital outlay-infrastructure	-	-	-	1,000
Capital outlay-veh & equip	158,908	157,249	1,659	45,251
Miscellaneous	600	617	(17)	1,892
Total sewer collection	539,794	498,360	41,434	345,994
Debt service				
Interest	19,135	10,842	8,293	11,877
Principal retirement	163,195	160,996	2,199	155,390
Total debt service	182,330	171,838	10,492	167,267
Total expenditures	1,833,774	1,694,558	139,216	1,174,201
Revenues over (under) expenditures	(198,311)	(62,872)	135,439	193,614
Other financing sources (uses):				
Installment loan proceeds	138,908	139,908	1,000	-
Insurance recovery	12,891	12,891		-
Transfer from ARP fund	-	354,073	354,073	354,217
Transfer from general fund	4,377	4,376	(1)	-
Transfer to capital reserve	(55,000)	-	55,000	-
Transfer to general fund	(3,576)	(3,576)	-	(3,000)
Transfer to capital projects	(50,000)	(50,000)	-	-
Total	47,600	457,672	410,072	351,217
Fund balance appropriated	150,711	-	(150,711)	-

**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, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	2022 Actual
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>394,800</u>	<u>\$ 394,800</u>	<u>544,831</u>
Reconciliation from budgetary basis (modified accrual) to full accrual				
Revenues over expenditures		<u>394,800</u>		<u>544,831</u>
Reconciling items				
Capital outlay		174,549		45,251
Debt principal retirement		160,996		155,390
Decrease in accrued interest		398		762
Decrease in compensated absences		1,604		(4,601)
Abandoned capital project expense		-		(26,940)
Decrease in deferred inflows of resources-pensions		71,725		(82,817)
Decrease in deferred outflows of resources-pensions		27,079		(4,449)
Depreciation		(127,728)		(124,602)
Increase in due to other funds		697		371
Increase in net pension liability		(127,011)		79,741
Installment loan proceeds		(139,908)		-
Investment income capital projects fund		61		66
State grants to capital projects		99,600		-
Transfer to capital projects		<u>50,000</u>		<u>-</u>
Total reconciling items		<u>192,062</u>		<u>38,172</u>
Change in net position		<u>\$ 586,862</u>		<u>\$ 583,003</u>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**CAPITAL PROJECT-USDA FINANCED INFRASTRUCTURE UPGRADE - WATER SEWER FUND**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Interest income-water project	\$ -	\$ 48	\$ 3	\$ 51	\$ 51
Interest income-sewer project	-	39	49	88	88
<b>Total revenues</b>	<b>-</b>	<b>87</b>	<b>52</b>	<b>139</b>	<b>139</b>
<b>Expenditures</b>					
Construction-water project	-	-	-	-	-
Construction-sewer project	-	-	-	-	-
Bond counsel-water project	40,000	-	-	-	40,000
Bond counsel-sewer project	40,000	-	-	-	40,000
Engineering predev-ER water project	5,000	5,000	-	5,000	-
Engineering predev-ER sewer project	5,000	5,000	-	5,000	-
Engineering predev-PER water project	9,000	9,000	-	9,000	-
Engineering predev-PER sewer project	9,000	9,000	-	9,000	-
Engineering design phase water project	90,000	75,000	15,000	90,000	-
Engineering design phase sewer project	90,000	75,000	15,000	90,000	-
Wetland delineatin study-sewer project	-	1,177	-	1,177	(1,177)
Miscellaneous-water project	6,081,000	651	2,590	3,241	6,077,759
Miscellaneous-sewer project	1,901,000	646	3,920	4,566	1,896,434
Sewer easement expense	-	-	420	420	(420)
<b>Total expenditures</b>	<b>8,270,000</b>	<b>180,474</b>	<b>36,930</b>	<b>217,404</b>	<b>8,052,596</b>
<b>Revenues over (under) expenditures</b>	<b>(8,270,000)</b>	<b>(180,387)</b>	<b>(36,878)</b>	<b>(217,265)</b>	<b>8,052,735</b>
<b>Other financing sources (uses)</b>					
USDA loan proceeds-water project	6,190,000	-	-	-	(6,190,000)
USDA loan proceeds-sewer project	2,010,000	-	-	-	(2,010,000)
Transfer from W/S Fund-water project	35,000	20,000	-	20,000	(15,000)
Transfer from W/S Fund-sewer project	35,000	20,000	50,000	70,000	35,000
<b>Total other financing sources (uses)</b>	<b>8,270,000</b>	<b>40,000</b>	<b>50,000</b>	<b>90,000</b>	<b>(8,180,000)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (140,387)</b>	<b>\$ 13,122</b>	<b>\$ (127,265)</b>	<b>\$ (127,265)</b>

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**WATER DISTRIBUTION IMPROVEMENTS CAPITAL PROJECT NO. SRP-W-ARP-0082**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
NC State Fiscal Recovery - ARP	\$ 7,325,000	\$ -	\$ 76,050	\$ 76,050	\$ (7,248,950)
Interest	-	-	7	7	7
Total revenues	7,325,000	-	76,057	76,057	(7,248,943)
Expenditures					
Constructon costs	6,580,000			-	6,580,000
Engineering	710,000		99,450	99,450	610,550
Administration costs	35,000	-	-	-	35,000
Total expenditures	7,325,000	-	99,450	99,450	7,225,550
Revenues over (under) expenditures	-	-	(23,393)	(23,393)	(23,393)
Other financing sources (uses)					
Transfers from Water Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ (23,393)	\$ (23,393)	\$ (23,393)

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**LOWER ADAMS CREEK SEWER CAPITAL PROJECT NO. SRP-W-ARP-0081**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
NC State Fiscal Recovery Fund/ARP	\$ 5,475,000	\$ -	23,550	\$ 23,550	\$ (5,451,450)
Interest	-	-	-	-	-
Total revenues	5,475,000	-	23,550	23,550	(5,451,450)
Expenditures					
Construcion costs	4,275,000			-	4,275,000
Engineering	682,000		78,500	78,500	603,500
Contingencies	428,000			-	428,000
Administration costs	90,000	-	-	-	90,000
Total expenditures	5,475,000	-	78,500	78,500	5,396,500
Revenues over (under) expenditures	-	-	(54,950)	(54,950)	(54,950)
Other financing sources (uses)					
Transfers from Water Sewer Fund	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ (54,950)	\$ (54,950)	\$ (54,950)

**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**  
**For the Fiscal Year Ended June 30, 2023**

	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	\$ 194,188,380	\$.0505	\$ 980,656	\$ 878,968	\$ 101,688
Penalties	-		1,482	1,482	-
Total	194,188,380		982,138	880,450	101,688
Discoveries:					
Current year taxes	819,802	.0505	4,140	4,140	-
Prior year taxes	-		1,711	1,711	-
Penalties	-		583	583	-
Total	819,802		6,434	6,434	-
Releases	(161,588)		(702)	(515)	(187)
Total property valuation	<u>\$ 194,846,594</u>				
Net levy			987,870	886,369	101,501
Uncollected taxes at June 30, 2023			(9,425)	(9,425)	-
Current year's taxes collected			<u>\$ 978,445</u>	<u>\$ 876,944</u>	<u>\$ 101,501</u>
Current levy collection percentage			<u>99.05%</u>	<u>98.94%</u>	<u>100.00%</u>



**TOWN OF MOUNT PLEASANT, NORTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2023**

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-2023		\$ 988,572	\$ 979,147	\$ 9,425
2021-2022	\$ 5,816	-	4,957	859
2020-2021	302	-	74	228
2019-2020	320	-	14	306
2018-2019	299	-	-	299
2017-2018	25	-	-	25
2016-2017	24	-	-	24
2015-2016	40	-	-	40
2014-2015	122	-	-	122
2013-2014	561	-	-	561
2012-2013	130	-	130	-
	<u>\$ 7,639</u>	<u>\$ 988,572</u>	<u>\$ 984,322</u>	11,889

Less allowance for uncollectible accounts:

General Fund 1,807

Ad valorem taxes receivable-net 10,082

Reconciliation with revenues:

Ad valorem taxes - General Fund 988,107

Reconciling items

Interest collected (3,915)

Discounts -

Prior year abatements

Taxes written off 130

Total collections and credits \$ 984,322

# *EDDIE CARRICK, CPA, PC*

Certified Public Accountant

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## **Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

### Independent Auditor's Report

To the Honorable Mayor and  
Town Council  
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 financial statements of the governmental activities, the business-type activities, 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, 2023 and the related notes to the financial statements, which collectively comprises the Town of Mount Pleasant's basic financial statements, and have issued our report thereon dated October 28, 2023.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, we considered the Town of Mount Pleasant's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing 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. However, as described in the accompanying schedule of findings and responses/schedule of findings and questioned costs we identified certain deficiencies as item 2023-1 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Mount Pleasant's financial statements are free from material misstatement, 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

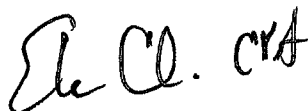
## **Town of Mount Pleasant's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses /schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eddie Carrick, CPA

A handwritten signature in black ink, appearing to read 'Eddie Carrick, CPA'.

Lexington, North Carolina  
October 28, 2023

# **EDDIE CARRICK, CPA, PC**

Certified Public Accountant

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## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Mount Pleasant, North Carolina

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited the Town of Mount Pleasant, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mount Pleasant's major federal programs for the year ended June 30, 2023. The Town of Mount Pleasant's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Mount Pleasant complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of The Town of Mount Pleasant and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Mount Pleasant's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The Town of Mount Pleasant's federal programs.

##### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Town of Mount Pleasant's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the

report on compliance about The Town of Mount Pleasant's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Town of Mount Pleasant's compliance with the compliance requirements referred to above and performing such other procedures as We considered necessary in the circumstances.
- obtain an understanding of The Town of Mount Pleasant's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Town of Mount Pleasant's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that We identified during the audit.

#### **Report on Internal Control Over Compliance**

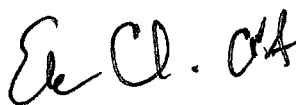
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eddie Carrick, CPA, PC



Lexington, North Carolina  
October 28, 2023

**Town of Mount Pleasant, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**I. Summary of Auditor's Results**

**Financial statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

\* Material weakness(es) identified?   X   yes        no

\* Significant Deficiency(s) identified that  
are not considered to be material weaknesses?        yes   X   no

Noncompliance material to financial  
statements noted        yes   X   no

**Federal and state awards**

\* Material weakness(es) identified?        yes   X   no

\* Significant Deficiency(s) identified that  
are not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major federal programs: unqualified

Any audit findings disclosed that are required to be  
accordance with 2 CFR 200.516(a)?        yes   X   no

Identification of major federal programs:

Program Name	FAL#
Coronavirus State and Local Fiscal Relief Funds	21.027

Dollar threshold to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee?        yes   X   no

**Town of Mount Pleasant, North Carolina**  
**Financial Statement Findings**  
**For the Year Ended June 30, 2023**

**II Financial Statement Findings**

**Material weakness**

**2023-01     Segregation of Duties**

**Criteria:** The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled properly.

**Condition:** Key duties and functions are not segregated amount Town personnel. This is especially a concern in the cash management, account receivable, purchasing, and payroll functions in all departments.

**Effect:** Transaction could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

**Cause:** There are a limited number of personnel for certain functions.

**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit.

**Recommendation:** The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing Board should provide some of these controls

**Views of responsible officials and planned corrective actions:** The Town agrees with this finding and will adhere to the corrective action plan on page 59 in this audit report.

**III Federal Award Findings and Questioned Costs**

None reported

*Founded in 1848*

**Town of Mount Pleasant, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2023**

**II Financial Statement Findings**

**Material weakness**

**2023-01 Segregation of Duties**

**Name of contact person:** Terry Holloway, Town Manager

**Corrective Action:** Duties and functions will be reviewed to determine where segregation needs to occur. The duties will be separated as much as possible and alternative controls will be implemented to compensate for lack of segregation. However, the risk of not segregated certain duties are not worth the additional costs. Nonfinancial employees will be trained and provide some assistance.

**Proposed Completion Date:** The Board will implement the above procedure immediately.

**III Federal Award Findings and Questioned Costs**

None reported



**The Town of Mount Pleasant**  
**Schedule of Federal and State Financial Assistance**  
**For the year ended June 30, 2023**

GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING No.	STATE GRANTOR'S NUMBER	FEDERAL (DIRECT) PASS THROUGH EXPENDITURES	STATE (DIRECT) PASS THROUGH EXPENDITURES
<b><u>Federal grants</u></b>				
<b><u>US DEPARTMENT OF TREASURY</u></b>				
Coronavirus State and Local Recovery Fund Direct Funding	21.027		\$ 354,073 **	
Pass-through from NC Department of Environmental Quality Division of Water Infrastructure	21.027		99,600 **	
<b><u>UNITED STATES DEPARTMENT OF THE INTERIOR</u></b>				
Emergency Supplemental Historic Preservation Fund Passed-through the N.C. Department Natural and Cultural Resources	15.957		291,398	
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>				
Assistance to Firefighters Grant	97.044		79,476	
<b><u>State Grants</u></b>				
<b><u>NC Department of Transportation</u></b>				
Powell Bill	N/A	38570		\$ 56,163
			<u>\$ 824,547</u>	<u>\$ 56,163</u>

\*\* Major programs

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Mount Pleasant, North Carolina, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or use in the preparation of the basic financial statements.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.