

CITY OF MOUNT PLEASANT, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

CITY OF MOUNT PLEASANT, TENNESSEE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION

**CITY OF MOUNT PLEASANT, TENNESSEE
MAYOR AND CITY COMMISSIONERS AND CITY OFFICIAL
JUNE 30, 2017**

CITY OF MOUNT PLEASANT

ELECTED MAYOR AND CITY COMMISSIONERS

James L. Bailey, Jr.	Mayor
Bill White	Vice-Mayor
Delores Blankenship	Commissioner
Mike Davis	Commissioner
Jacqueline Grandberry	Commissioner

CITY MANAGEMENT TEAM

Kate Collier	City Manager
Loretta Garner, CPA	City Recorder / Finance Director/CMFO
Michael Hay	Chief of Police
Phillip Grooms	Fire Chief
Robert Archibald	Planning & Zoning Director
Sonya Pinkard	Human Resources Director
Steve Renfro	Community Services Director
Donny Groves	Public Works Director
Thomas Kenney	Parks and Recreation Director

MOUNT PLEASANT POWER SYSTEM

Dr. Michael Tyler	Chairman
Ferrell White	Vice Chairman
Hendley Edwards	Secretary
Claude Brawner	Board Member
Mike Davis	Board Member
Derek Church	General Manager
Albert Kerstiens	Assistant General Manager & Engineering Manager
James Bates	Key Accounts and Marketing Manager

FINANCIAL SECTION



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Mount Pleasant, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Tennessee as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the City of Mt. Pleasant, Tennessee's Power System which represents 30% and 30% of the net position and assets, respectively, as of June 30, 2017. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Mt. Pleasant, Tennessee's Power System is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Tennessee, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The financial schedules marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2017 on our consideration of the City of Mount Pleasant, Tennessee'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 and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mount Pleasant, Tennessee's internal control over financial reporting and compliance.

Bellenfant, PLLC

December 9, 2017

**CITY OF MOUNT PLEASANT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

As management of the City of Mount Pleasant, Tennessee, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Mount Pleasant ("the City") for the year ended June 30, 2017. We encourage readers to consider the information presented her in conjunction with the basic financial statements.

Financial Highlights

The assets of the City exceeded its liabilities by \$36,024,586 at June 30, 2017. Of this amount, unrestricted net assets of \$9,660,151 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's policies.

The City's total net position increased by \$1,181,653 for the year ended June 30, 2017, primarily due to the increase in natural gas revenue and water revenue. The business-type funds (utilities) net position increased by \$818,930 while the governmental funds increased by \$362,723. During the year, the City purchased capital assets of \$5,005,494, of which \$239,096 was for governmental activities and \$4,766,398 was for utility improvements.

As of June 30, 2017, the General Fund's unassigned fund balance was \$2,084,914 or 71% of total general fund expenditures.

As of June 30, 2017, the City's governmental funds reported ending fund balances of \$2,404,881 representing an increase of \$247,725 from the previous year. Of this amount, \$2,084,914 is unreserved and available for spending.

The City's total long-term debt decreased by \$947,441 or 6% during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basis financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 17-18 of this report.

The statement of net position presents information on all of the City's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**CITY OF MOUNT PLEASANT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include general government and administration, parks, public safety, public works, industrial development, and community development.

The business-type activities of the City include water and sewer, natural gas, sanitation and electric power.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - *governmental fund and proprietary funds*.

Government funds - Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City sustains six individual governmental funds. Information is presented separately in the statement of revenues, expenditures, and changes in fund balance on pages 58-64 of this report.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statements has been provided for the governmental funds to demonstrate compliance with this budget and can be found on page 28-33 of this report.

Proprietary Funds - The City uses enterprise funds, a type of proprietary fund, to report the same functions presented as business-type activities in the government-wide financial statements. These enterprise funds are used to account for its water and sewer, gas, sanitation, and electric power operations. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

**CITY OF MOUNT PLEASANT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Notes to the Financial Statements

The notes to the financial statements can be found on pages 34-55 of this report. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with non-major funds are presented after the basic financial statements. Also included are budgetary comparisons for governmental funds.

Financial Analysis of the Financial Statements - Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. At June 30, 2017, the City's assets exceeded liabilities by \$36,024,586. The largest portion of the City's net position (71%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure) less any debt incurred to acquire or construct those assets that is still outstanding. The City's capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The following table provides a summary of the City's net position as of June 30, 2017 and June 30, 2016:

	Governmental Activities		Business-Type Activities	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current and other assets	\$ 4,004,534	\$ 3,596,558	\$ 12,080,370	\$ 12,764,208
Capital assets	3,255,885	3,241,261	38,291,968	37,278,119
Total Assets	<u>\$ 7,260,419</u>	<u>\$ 6,837,819</u>	<u>\$ 50,372,338</u>	<u>\$ 50,042,327</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,327</u>	<u>\$ 302,162</u>
Long-term liabilities	\$ 1,472,647	\$ 1,580,261	\$ 14,292,202	\$ 15,132,029
Outstanding other liabilities	279,002	1,564,776	4,444,382	4,061,350
Total Liabilities	<u>\$ 1,751,649</u>	<u>\$ 3,145,037</u>	<u>\$ 18,736,584</u>	<u>\$ 19,193,379</u>
Deferred inflows of resources	<u>\$ 1,453,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 959</u>
Net position:				
Net investment in capital assets	1,650,624	1,535,626	\$ 23,790,304	\$ 21,937,028
Restricted	-	-	923,507	687,589
Unrestricted	2,404,881	2,157,156	7,255,270	8,525,534
Total Net Position	<u>\$ 4,055,505</u>	<u>\$ 3,692,782</u>	<u>\$ 31,969,081</u>	<u>\$ 31,150,151</u>

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**CITY OF MOUNT PLEASANT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Government Funds

The focus on the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure to 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 City of Mount Pleasant. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,084,914. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 71% of total general fund expenditures.

Business-Type Activities

The business-type fund's net position increased by \$818,930 due to lower natural gas costs, purchased power costs in the Power System and lower professional service in the water and sewer departments.

Statement of Activities - Governmental and Business-Type Activities

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Variance</u>
Revenues:			
Property taxes	\$ 1,486,988	\$ 1,599,104	\$ (112,116)
Sales Taxes	885,403	890,404	(5,001)
Beer and liquor taxes	147,365	142,159	5,206
Franchise taxes	63,855	52,239	11,616
Business taxes	63,650	34,458	29,192
State income and excise taxes	23,080	42,973	(19,893)
Miscellaneous	103,020	118,054	(15,034)
Charge for services	20,394,882	17,151,482	3,243,400
Operating contributions	-	14,332	(14,332)
Grants	388,109	2,226,402	(1,838,293)
Insurance settlement	-	-	-
Total Revenues	<u>\$ 23,556,352</u>	<u>\$ 22,271,607</u>	<u>\$ 1,284,745</u>
Expenditures:			
General government	\$ 537,440	\$ 916,846	\$ (379,406)
Police department	1,041,743	886,120	155,623
Fire department	1,013,449	841,217	172,232
Contributions	-	36,576	(36,576)
Public works	154,637	263,009	(108,372)
Community center	138,174	-	138,174
Industrial park	715	-	715
Parks	-	26,049	(26,049)
Community Development	73,517	-	73,517
Drug fund expenses	24,585	8,921	15,664
Other	50,489	-	50,489
Highways and streets	122,506	98,132	24,374
Water and sewer fund	2,660,793	2,411,402	249,391
Natural gas	2,986,531	1,811,587	1,174,944
Sanitation	340,849	323,162	17,687
Power system	13,157,194	11,816,901	1,340,293
Total Expenditures	<u>\$ 22,302,622</u>	<u>\$ 19,439,922</u>	<u>\$ 2,862,700</u>
Transfers in Lieu of Taxes	(49,423)	374,819	325,396
Excess of revenues over expenditures	<u>\$ 1,204,307</u>	<u>\$ 3,206,504</u>	<u>\$ (1,252,559)</u>

**CITY OF MOUNT PLEASANT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental Budgetary Highlights

The City amended some of its departmental budgets during the year. See pages 28-33 for an analysis of the budgets.

Capital Assets

The City's investment in capital assets from its governmental activities at June 30, 2017, totaled \$3,255,885 (net of accumulated depreciation) and its business-type activities amounts to \$38,291,968. The investment in capital assets is in land, buildings, improvements, infrastructure, and machinery and equipment.

Capital Assets

	Governmental Activities		Business-Type Activities	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Land, buildings, improvements, and construction in progress	\$ 5,093,699	\$ 5,093,699	\$ 56,624,244	\$ 51,946,970
Equipment	1,291,432	1,052,336	518,158	2,845,993
Less accumulated depreciation	<u>(3,129,246)</u>	<u>(2,904,774)</u>	<u>(18,850,434)</u>	<u>(17,514,844)</u>
Net Capital Assets	<u>\$ 3,255,885</u>	<u>\$ 3,241,261</u>	<u>\$ 38,291,968</u>	<u>\$ 37,278,119</u>

Additional information on the City's capital assets can be found in the notes to the financial statements section of this report.

Long-Term Debt

The City has total debt of \$16,751,811 of which \$1,605,261 is general obligation debt and \$15,146,550 is debt of the Utility operations. All debts are being paid as scheduled.

Additional information on the City's long-term debt can be found in the notes to the financial statements section of this report.

Economic Factors

The City of Mount Pleasant, Tennessee is located in Maury County, Tennessee, approximately 60 miles southwest of Nashville. The City is a rural town of approximately 12.5 square miles that was incorporated in 1824. The population is approximately 4,709 residents with a median household income of \$37,173, and per capita income is \$22,659. The current unemployment rate for the City is 5.2% as of July 2015 compared to State average of 5.7% and National average of 4.1%.

The City Commission approved a property tax rate of \$1.62 for 2017. The City's budget has benefited by a slowly expanding commercial and retail base producing some increase in local sales tax receipts. Personnel costs and employee benefits are expected to increase during the year.

Request for Information

This financial report is designed to provide a general overview of the City of Mount Pleasant, Tennessee's finances for those interested parties. If you have questions about this report or need additional information, contact Kate Collier, City Manager, City of Mount Pleasant, Tennessee, P.O. Box 426, Mount Pleasant, Tennessee 38747.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

CITY OF MOUNT PLEASANT, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 2,144,394	\$ 6,385,892	\$ 8,530,286
Certificates of deposit	-	2,459,893	2,459,893
Receivables (net)	1,695,847	1,925,467	3,621,314
Grant receivable	13,877	79,039	92,916
Due from other governments	107,469	-	107,469
Bond issue cost	25,261	-	25,261
Property held for resale	19,260	-	19,260
Internal Balances	(3,035)	3,035	-
Prepaid expenses	1,461	178,751	180,212
Inventory of supplies, at cost	-	378,861	378,861
Restricted Assets	-	669,432	669,432
Capital Assets:			
Land, improvements, and equipment	6,385,131	55,277,201	61,662,332
Accumulated depreciation	(3,129,246)	(18,850,434)	(21,979,680)
Construction in progress	-	1,865,201	1,865,201
TOTAL ASSETS	<u>7,260,419</u>	<u>50,372,338</u>	<u>57,632,757</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>333,327</u>	<u>333,327</u>
TOTAL ASSETS DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 7,260,419</u>	<u>\$ 50,705,665</u>	<u>\$ 57,966,084</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	22,908	2,292,039	2,314,947
Customer deposits	-	1,008,642	1,008,642
Compensated absences	92,453	248,489	340,942
Other current liabilities	-	40,864	40,864
Deferred revenues	31,027	-	31,027
Long term liabilities:			
Due within one year	132,614	854,348	986,962
Due in more than one year	1,472,647	14,292,202	15,764,849
TOTAL LIABILITIES	<u>1,751,649</u>	<u>18,736,584</u>	<u>20,488,233</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,453,265</u>	<u>-</u>	<u>1,453,265</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,650,624	23,790,304	25,440,928
Restricted for debt service	-	923,507	923,507
Unrestricted	2,404,881	7,255,270	9,660,151
TOTAL NET POSITION	<u>4,055,505</u>	<u>31,969,081</u>	<u>36,024,586</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 7,260,419</u>	<u>\$ 50,705,665</u>	<u>\$ 57,966,084</u>

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

CITY OF MOUNT PLEASANT, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General government	\$ 537,440	\$ 28,594	\$ -	\$ -	\$ (508,846)	\$ -	\$ (508,846)
Police department	1,041,743	80,099	14,799	-	(946,845)	-	(946,845)
Fire department	1,013,449	-	81,429	-	(932,020)	-	(932,020)
Community development	73,517	29,100	-	-	(44,417)	-	(44,417)
Public works	154,637	-	4,978	-	(149,659)	-	(149,659)
Community center	138,174	45,065	-	-	(93,109)	-	(93,109)
Industrial development	715	15,474	-	-	14,759	-	14,759
Economic development	3,802	-	-	-	(3,802)	-	(3,802)
Other	46,596	152	-	-	(46,444)	-	(46,444)
E-Citations	91	-	-	-	(91)	-	(91)
Drug fund expenses	24,585	29,800	-	-	5,215	-	5,215
Highway and streets	122,506	149,044	-	-	26,538	-	26,538
Total governmental activities	<u>3,157,255</u>	<u>377,328</u>	<u>101,206</u>	<u>-</u>	<u>(2,678,721)</u>	<u>-</u>	<u>(2,678,721)</u>
Business-type activities:							
Water and sewer fund	2,660,793	2,966,698	286,903	-	-	592,808	592,808
Natural gas	2,986,531	3,157,934	-	-	-	171,403	171,403
Sanitation	340,849	429,177	-	-	-	88,328	88,328
Power System	13,157,194	13,463,745	-	-	-	306,551	306,551
Total business-type activities	<u>19,145,367</u>	<u>20,017,554</u>	<u>286,903</u>	<u>-</u>	<u>-</u>	<u>1,159,090</u>	<u>1,159,090</u>
Total primary government	<u>\$ 22,302,622</u>	<u>\$ 20,394,882</u>	<u>\$ 388,109</u>	<u>\$ -</u>	<u>\$ (2,678,721)</u>	<u>\$ 1,159,090</u>	<u>\$ (1,519,631)</u>
General revenues:							
Property taxes					1,418,216	-	1,418,216
Public utility taxes					68,772	-	68,772
Sales tax					885,403	-	885,403
Beer and liquor taxes					147,365	-	147,365
Franchise taxes					63,855	-	63,855
Business taxes					63,650	-	63,650
State income tax					13,862	-	13,862
Other state taxes					9,218	-	9,218
Interest income					3,777	34,023	37,800
Insurance recoveries					11,805	-	11,805
Other					55,768	-	55,768
Total general revenues					<u>2,741,691</u>	<u>34,023</u>	<u>2,775,714</u>
Change in net position					62,970	1,193,113	1,256,083
Transfers in Lieu of Taxes					324,760	(374,183)	(49,423)
Change in net position					387,730	818,930	1,206,660
NET POSITION, BEGINNING OF YEAR					3,692,782	31,150,151	34,842,933
PRIOR PERIOD ADJUSTMENT					(25,007)	-	(25,007)
NET POSITION, END OF YEAR					<u>\$ 4,055,505</u>	<u>\$ 31,969,081</u>	<u>\$ 36,024,586</u>

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

FUND FINANCIAL STATEMENTS

CITY OF MOUNT PLEASANT, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 1,854,785	\$ 289,609	\$ 2,144,394
Receivables (net, where applicable, allowances for uncollectible)			
Taxes	1,416,870	-	1,416,870
Accounts	252,145	26,832	278,977
Due from other funds	-	10,624	10,624
Due from other governments	109,985	11,361	121,346
Property held for sale	-	19,260	19,260
Prepaid expenses	-	1,461	1,461
Bond issue costs	25,261	-	25,261
TOTAL ASSETS	\$ 3,659,046	\$ 359,147	\$ 4,018,193
<u>LIABILITIES</u>			
Accounts payable	14,755	8,153	22,908
Accrued liabilities	92,453	-	92,453
Due to other funds	13,659	-	13,659
Deferred revenues	-	31,027	31,027
TOTAL LIABILITIES	120,867	39,180	160,047
<u>DEFERRED INFLOWS OF RESOURCES</u>	1,453,265	-	1,453,265
<u>FUND BALANCES</u>			
Restricted	-	319,967	319,967
Unassigned	2,084,914	-	2,084,914
TOTAL FUND BALANCES	2,084,914	319,967	2,404,881
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,659,046	\$ 359,147	\$ 4,018,193

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

**CITY OF MOUNT PLEASANT, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Governmental Funds Balance		\$ 2,404,881
Adjustments		
Capital assets, net of depreciation		
Assets	6,385,131	
Accumulated depreciation	<u>(3,129,246)</u>	3,255,885
Long term liabilities		<u>(1,605,261)</u>
Net Position Balance		<u><u>\$ 4,055,505</u></u>

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

CITY OF MOUNT PLEASANT, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 2,227,666	\$ 126,241	\$ 2,353,907
Licenses and permits	4,815	-	4,815
Intergovernmental	573,492	49,065	622,557
Charges for services	23,779	-	23,779
Contributions	4,245	-	4,245
Fines and forfeits	80,099	11,862	91,961
Street, sidewalk and curb repair	-	28,647	28,647
Insurance recoveries	11,805	-	11,805
Interest revenue	3,730	47	3,777
Sale of materials	12,242	-	12,242
Rental revenue	-	11,065	11,065
Other	9,670	41,755	51,425
TOTAL REVENUES	<u>2,951,543</u>	<u>268,682</u>	<u>3,220,225</u>
EXPENDITURES			
General Government			
Financial administration	515,318	-	515,318
Public Safety			
Police	1,028,539	-	1,028,539
Fire	1,077,639	-	1,077,639
Public Works			
Streets	265,771	122,506	388,277
Drug	-	24,585	24,585
Community center	-	138,174	138,174
Industrial development	-	715	715
Community development	-	73,517	73,517
E-Citations	-	90	90
Economic development	3,802	-	3,802
Contributions	46,597	-	46,597
TOTAL EXPENDITURES	<u>2,937,666</u>	<u>359,587</u>	<u>3,297,253</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,877	(90,905)	(77,028)
INTERFUND TRANSFER	<u>(235,850)</u>	<u>235,850</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(221,973)	144,945	(77,028)
TRANSFERS IN LIEU OF TAXES	324,760	-	324,760
FUND BALANCES, BEGINNING OF YEAR	<u>1,982,127</u>	<u>175,022</u>	<u>2,157,149</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,084,914</u>	<u>\$ 319,967</u>	<u>\$ 2,404,881</u>

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

CITY OF MOUNT PLEASANT, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balance - Total Governmental Funds \$ 247,732

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

Governmental Funds report capital outlays as expenditures. However, in the
Statement of Activities, the cost of these assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount of capital
assets recorded in the current period. 239,096

Depreciation expense on capital assets is reported in the government-wide
statement of activities and changes in net assets, but they do not require the use
of current financial resources. Therefore, depreciation expense is not reported
as expenditures in governmental funds. (224,472)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term debt
consumes financial resources of governmental funds. Neither transaction,
however, has any effect on net assets. Also, governmental funds report the
effect of issuance cost, premiums, discounts, and similar items when debt is
first issued, whereas the amounts are deferred and amortized in the statement
of activities. This amount is the net effect of these differences in the treatment
of long-term debt and related items. 125,374

Change in Net Position of Governmental Activities \$ 387,730

PROPRIETARY FUNDS

CITY OF MOUNT PLEASANT, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION - COMBINED
JUNE 30, 2017

	<u>ASSETS</u>				
	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Power System	Total
<u>Current Assets:</u>					
Cash and cash equivalents	\$ 3,253,633	\$ 1,443,852	\$ 306,022	\$ 1,344,327	\$ 6,347,834
Cash - healthcare reimbursement	-	-	-	38,058	38,058
Certificates of deposit	55,433	676,895	101,386	1,626,179	2,459,893
Accounts receivable, net of allowances	376,096	348,965	-	1,156,531	1,881,592
Accrued interest receivable	-	-	-	7,342	7,342
Due from other funds	6,330	851,814	34,586	-	892,730
Grant receivable	-	-	-	-	-
Other receivables	3,243	2,398	1,033	108,898	115,572
Prepaid expenses	12,262	7,381	1,697	157,411	178,751
Inventory of supplies, at cost	29,832	36,908	-	312,121	378,861
Total Current Assets	3,736,829	3,368,213	444,724	4,750,867	12,300,633
<u>Utility Plant and Equipment</u>					
Utility plant, at cost	31,709,187	4,429,422	-	18,620,434	54,759,043
Equipment, at cost	228,632	-	289,526	-	518,158
Less accumulated depreciation	(8,705,981)	(1,575,179)	(141,646)	(8,427,628)	(18,850,434)
Net Utility Plant and Equipment	23,231,838	2,854,243	147,880	10,192,806	36,426,767
<u>Construction in Progress</u>					
	88,199	-	-	1,777,002	1,865,201
<u>Other Assets:</u>					
Restricted - certificate of deposit	-	-	-	422,298	422,298
Conservation loans receivable	-	-	-	32,837	32,837
Other loans	-	-	-	193,079	193,079
Unamortized debt expense, net	21,218	-	-	-	21,218
Total Restricted Assets	21,218	-	-	648,214	669,432
TOTAL ASSETS	27,078,084	6,222,456	592,604	17,368,889	51,262,033
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
	-	-	-	333,327	333,327
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 27,078,084	\$ 6,222,456	\$ 592,604	\$ 17,702,216	\$ 51,595,360
<u>LIABILITIES</u>					
<u>Current Liabilities, payable from current assets:</u>					
Accounts payable	13,854	1,816	692	1,785,254	1,801,616
Accrued expenses	455,896	24,768	9,759	-	490,423
Customer deposits	205,031	266,630	-	536,981	1,008,642
Compensated absences	-	-	-	248,489	248,489
Other current liabilities	-	-	-	40,864	40,864
Current portion of long term debt	501,209	-	18,139	335,000	854,348
Due to other funds	883,365	6,330	-	-	889,695
Total Current Liabilities, payable from current assets	2,059,355	299,544	28,590	2,946,588	5,334,077
<u>Long-Term Debt:</u>					
Long term debt, less current portion above	10,266,921	-	35,395	3,345,000	13,647,316
Conservation loan advances	-	-	-	32,837	32,837
Net Pension Liability	-	-	-	612,049	612,049
Total Long-term debt	10,266,921	-	35,395	3,989,886	14,292,202
TOTAL LIABILITIES	12,326,276	299,544	63,985	6,936,474	19,626,279
<u>DEFERRED INFLOWS OF RESOURCES</u>					
	-	-	-	-	-
<u>NET POSITION</u>					
Net investment in capital assets	12,551,907	2,854,243	94,346	8,289,808	23,790,304
Restricted for debt service	501,209	-	-	422,298	923,507
Unrestricted	1,698,692	3,068,669	434,273	2,053,636	7,255,270
TOTAL NET POSITION	14,751,808	5,922,912	528,619	10,765,742	31,969,081
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 27,078,084	\$ 6,222,456	\$ 592,604	\$ 17,702,216	\$ 51,595,360

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

CITY OF MOUNT PLEASANT, TENNESSEE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - COMBINED
FOR THE YEAR ENDED JUNE 30, 2017

	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Power System	Total
<u>OPERATING REVENUES</u>					
Service charges, less bad debt	\$ 2,810,937	\$ 3,126,467	\$ 410,260	\$ 13,463,745	\$ 19,811,409
Grant	286,903	-	-	-	286,903
Installation and tap fees	41,175	3,875	-	-	45,050
Miscellaneous	114,586	27,592	18,917	-	161,095
TOTAL OPERATING REVENUES	3,253,601	3,157,934	429,177	13,463,745	20,304,457
<u>OPERATING EXPENSES</u>					
Salaries	605,950	352,812	143,962	-	1,102,724
Employee benefits and payroll taxes	209,122	123,496	57,126	-	389,744
Landfill services	-	-	75,392	-	75,392
Fees	-	11,005	-	-	11,005
Utility services	227,827	30,067	5,306	-	263,200
Professional services	225,217	65,021	1,757	-	291,995
Gas purchased	-	2,098,886	-	-	2,098,886
Insurance	35,452	9,831	6,247	-	51,530
Repair and maintenance	54,139	24,038	6,196	-	84,373
Operating supplies	235,318	65,519	13,041	2,384,375	2,698,253
Office expense	13,828	13,367	-	-	27,195
Automobile expenses	11,386	9,985	6,907	-	28,278
Payments in lieu of taxes	-	65,068	-	-	65,068
Miscellaneous expense	20,805	2,664	-	-	23,469
Purchased power	-	-	-	9,433,111	9,433,111
Maintenance	-	-	-	323,067	323,067
Other operating expenses	-	-	-	928,446	928,446
Depreciation	729,702	114,772	24,887	-	869,361
TOTAL OPERATING EXPENSES	2,368,746	2,986,531	340,821	13,068,999	18,765,097
OPERATING INCOME (LOSS)	884,855	171,403	88,356	394,746	1,539,360
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Interest income	4,602	15,423	132	13,866	34,023
Interest expense	(292,047)	-	(28)	(88,195)	(380,270)
TOTAL NONOPERATING REVENUES (EXPENSES)	(287,445)	15,423	104	(74,329)	(346,247)
TRANSFER IN LIEU OF TAXES	-	-	-	(374,183)	(374,183)
CHANGE IN NET POSITION	597,410	186,826	88,460	(53,766)	818,930
NET POSITION, BEGINNING OF YEAR	14,154,398	5,736,086	440,159	10,819,508	31,150,151
NET POSITION, END OF YEAR	\$ 14,751,808	\$ 5,922,912	\$ 528,619	\$ 10,765,742	\$ 31,969,081

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

CITY OF MOUNT PLEASANT, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - COMBINED
FOR THE YEAR ENDED JUNE 30, 2017

	Water and Sewer Fund	Natural Gas Fund	Sanitation Fund	Power System	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 3,637,810	\$ 3,049,303	\$ 428,469	\$ 13,442,952	\$ 20,558,534
Receipts from grants	286,903	-	-	-	286,903
Payments to suppliers	(1,051,714)	(2,368,280)	(114,465)	(10,535,828)	(14,070,287)
Payments to employees	(808,219)	(469,556)	(199,053)	(1,588,784)	(3,065,612)
Net cash provided by operating activities	<u>2,064,780</u>	<u>211,467</u>	<u>114,951</u>	<u>1,318,340</u>	<u>3,709,538</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Repayments received on conservation loans	-	-	-	7,794	7,794
Advances on conservation loans	-	-	-	(7,794)	(7,794)
Advances on other loans	-	-	-	(38,440)	(38,440)
Transfers in lieu of taxes	-	-	-	(374,183)	(374,183)
Net cash provided by non-capital financial activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(412,623)</u>	<u>(412,623)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal payments on long term debt	(489,461)	-	(19,994)	(330,000)	(839,455)
Interest paid on debt	(292,047)	-	-	(88,195)	(380,242)
Net cost of retirement of electric plant	-	-	(1,135)	(59,584)	(60,719)
Cash payments for the purchase of plant assets	(1,048,326)	(169,339)	-	(1,427,773)	(2,645,438)
Net cash provided (used) by capital & related financing	<u>(1,829,834)</u>	<u>(169,339)</u>	<u>(21,129)</u>	<u>(1,905,552)</u>	<u>(3,925,854)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Change in certificate of deposits	(505)	(1,878)	(132)	-	(2,515)
Interest received on cash deposits	4,602	15,423	132	12,549	32,706
Net cash provided by investing activities	<u>4,097</u>	<u>13,545</u>	<u>-</u>	<u>12,549</u>	<u>30,191</u>
Net increase in cash	239,043	55,673	93,822	(987,286)	(598,748)
CASH - BEGINNING OF YEAR	3,014,590	1,388,179	212,200	4,418,148	9,033,117
Prior period adjustment	-	-	-	-	-
CASH - END OF YEAR	<u>\$ 3,253,633</u>	<u>\$ 1,443,852</u>	<u>\$ 306,022</u>	<u>\$ 3,430,862</u>	<u>\$ 8,434,369</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided					
(Used) by Operating Activities					
Operating Income	\$ 884,855	\$ 171,403	\$ 88,356	\$ 394,746	\$ 1,539,360
Adjustments to reconcile operating income to net cash provided					
(used) by operating activities:					
Cash flows reported in other categories:					
Depreciation and amortization	729,702	114,772	24,887	822,947	1,692,308
Change in pension related to deferred inflows and outflows of resources	-	-	-	(14,728)	(14,728)
Changes in assets and liabilities:					
Receivables, trade	(102,212)	(279,568)	-	(24,569)	(406,349)
Other receivables	684,631	(3,948)	(609)	(34,629)	645,445
Prepaid expenses	(2,539)	-	-	(157,411)	(159,950)
Inventory of supplies	1,137	27,232	-	22,533	50,902
Accounts payable	(31,683)	(187,552)	282	250,874	31,921
Customer deposits	91,232	174,885	-	38,705	304,822
Compensated absences	-	-	-	12,248	12,248
Other current liabilities	6,853	6,752	2,035	7,624	23,264
Due to others	(197,196)	187,491	-	-	(9,705)
Net cash provided by operating activities	<u>\$ 2,064,780</u>	<u>\$ 211,467</u>	<u>\$ 114,951</u>	<u>\$ 1,318,340</u>	<u>\$ 3,709,538</u>

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

**CITY OF MOUNT PLEASANT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
TAXES				
Real and personal property	\$ 1,414,000	\$ 1,414,000	\$ 1,335,719	\$ (78,281)
Interest and penalty on taxes	40,000	40,000	17,429	(22,571)
Payments in lieu of gas	17,368	72,368	65,068	(7,300)
Local sales tax	405,000	405,000	536,782	131,782
Wholesale beer tax	115,000	115,000	119,132	4,132
Wholesale liquor tax	22,000	22,000	26,031	4,031
Business tax	45,000	45,000	63,650	18,650
Franchise tax	48,000	48,000	63,855	15,855
Total Taxes	2,106,368	2,161,368	2,227,666	66,298
LICENSES AND PERMITS				
Beer permit applications	137,000	137,000	1,850	(135,150)
Alarm permits	3,000	3,000	2,965	(35)
Total Licenses and Permits	140,000	140,000	4,815	(135,185)
INTERGOVERNMENTAL				
Grants	25,000	102,429	101,206	(1,223)
Housing Authority payments in lieu of taxes	3,000	3,000	15,211	12,211
TVA payments in lieu of taxes	53,000	53,000	68,772	15,772
State of TN POST Supplement	7,200	7,200	6,000	(1,200)
Fire Training Supplement	8,400	8,400	8,400	8,400
State sales tax	350,000	350,000	348,621	(1,379)
State income tax	12,000	12,000	13,862	1,862
State beer tax	-	-	2,202	2,202
State gasoline tax	9,000	9,000	9,218	218
Total Intergovernmental	467,600	545,029	573,492	36,863

CITY OF MOUNT PLEASANT, TENNESSEE

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
CHARGES FOR SERVICES				
Arrest fees	19,000	19,000	22,234	3,234
Accident Reports	250	250	720	470
Mowing fees	500	500	825	325
 Total charges for services	 19,750	 19,750	 23,779	 4,029
FINES AND FORFEITS				
City court fines and costs	110,000	110,000	79,546	(30,454)
Reserved for sexual offenders	200	200	553	353
 Total fines and forfeits	 110,200	 110,200	 80,099	 (30,101)
INTEREST REVENUE				
General	800	800	3,730	2,930
 Total interest revenue	 800	 800	 3,730	 2,930
OTHER REVENUES				
Contributions	6,000	24,426	4,245	(20,181)
Rent	-	-	-	-
Insurance recoveries	5,000	20,379	11,805	(8,574)
Sales of materials	500	32,771	12,242	(20,529)
Miscellaneous revenues	15,000	15,000	9,670	(5,330)
 Total Other	 26,500	 92,576	 37,962	 (54,614)
 Total Revenues	 <u>\$ 2,871,218</u>	 <u>\$ 3,069,723</u>	 <u>\$ 2,951,543</u>	 <u>\$ (109,780)</u>

CITY OF MOUNT PLEASANT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
GENERAL GOVERNMENT				
FINANCE & ADMINISTRATION				
Salaries	\$ 176,900	\$ 176,900	\$ 127,830	\$ (49,070)
Employee benefits and payroll taxes	49,500	49,500	36,318	(13,182)
Commissioner's expenditures	7,300	7,410	6,200	(1,210)
Postage	3,000	3,000	2,241	(759)
Printing and publication	2,200	5,900	6,260	360
Memberships and subscriptions	5,000	5,800	5,736	(64)
Utilities	32,700	28,090	10,938	(17,152)
Professional fees	94,000	111,000	82,692	(28,308)
Repairs and maintenance	8,300	6,000	3,611	(2,389)
Travel	3,000	3,000	1,203	(1,797)
Other contractual services	12,000	6,000	8,064	2,064
Office supplies	5,500	5,500	5,143	(357)
Operating supplies	6,500	6,500	3,572	(2,928)
Clothing and uniforms	750	-	-	-
Gas, oil, and vehicle supplies	3,000	3,000	307	(2,693)
Insurance	2,400	11,400	10,893	(507)
Sundry	2,000	5,000	4,257	(743)
Capital outlay	8,000	12,899	3,290	(9,609)
Downtown Revitalization Expenditures	25,000	-	4,346	4,346
Debt service	117,800	117,800	192,417	74,617
Total Finance and Administration	<u>564,850</u>	<u>564,699</u>	<u>515,318</u>	<u>(49,381)</u>
Total General Government	<u>564,850</u>	<u>564,699</u>	<u>515,318</u>	<u>(49,381)</u>

CITY OF MOUNT PLEASANT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
PUBLIC SAFETY				
POLICE DEPARTMENT				
Salaries	601,400	652,663	655,827	3,164
Employee benefits and payroll taxes	222,000	179,300	180,989	1,689
Postage	1,700	1,600	416	(1,184)
Printing	1,000	1,350	1,281	(69)
Memberships and subscriptions	10,000	11,650	11,558	(92)
Utilities	16,600	21,300	20,395	(905)
Professional services	7,000	22,375	15,811	(6,564)
Repairs and maintenance	25,500	35,041	26,601	(8,440)
Travel	5,000	5,000	2,427	(2,573)
Other contractual services	18,000	-	6,576	6,576
Office supplies	5,000	5,000	2,394	(2,606)
Operating supplies	9,000	9,000	7,404	(1,596)
Sex offender registry maintenance	200	200	150	(50)
Clothing and uniforms	5,000	5,000	2,687	(2,313)
Gas, oil, and vehicle supplies	50,000	29,575	26,686	(2,889)
Insurance	27,000	35,525	32,565	(2,960)
Sundry	2,000	2,000	1,687	(313)
Debt Service	22,427	24,627	-	(24,627)
Capital outlay	20,000	39,642	33,085	(6,557)
Total Police Department	1,048,827	1,080,848	1,028,539	(52,309)
FIRE DEPARTMENT				
Salaries	678,375	682,375	677,508	(4,867)
Employee benefits and payroll taxes	221,500	217,500	200,912	(16,588)
Volunteer firefighters	-	-	-	-
Postage & Printing	1,600	2,100	1,040	(1,060)
Memberships and subscriptions	6,200	9,700	8,747	(953)
Utilities	24,500	23,500	22,647	(853)
Other professional services	10,000	17,000	11,485	(5,515)
Repairs and maintenance	10,000	10,000	5,588	(4,412)
Travel	2,000	2,000	1,153	(847)
Other contractual services	7,000	-	806	806
Office supplies	2,000	2,000	519	(1,481)
Operating supplies	9,000	9,800	9,823	23
Clothing and uniforms	5,500	4,500	3,592	(908)
Gas, oil, and vehicle supplies	10,000	7,100	6,845	(255)
Insurance	19,000	19,000	16,001	(2,999)
Sundry	2,000	2,000	1,537	(463)
Capital outlay	40,150	132,985	109,436	(23,549)
Total Fire Department	1,048,825	1,141,560	1,077,639	(63,921)
Total Public Safety	2,097,652	2,222,408	2,106,178	(116,230)

CITY OF MOUNT PLEASANT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
PUBLIC WORKS				
STREET DEPARTMENT				
Salaries	148,550	149,650	134,640	(15,010)
Employee benefits and payroll taxes	63,000	61,900	52,770	(9,130)
Utilities	19,750	20,750	6,382	(14,368)
Professional services	3,500	3,500	1,811	(1,689)
Repairs and maintenance	25,500	26,500	16,457	(10,043)
Other contractual services	400	400	373	(27)
Operating supplies	25,000	21,795	15,106	(6,689)
Clothing and uniforms	3,000	3,400	3,461	61
Gas, oil, and vehicle supplies	20,000	16,600	14,209	(2,391)
Insurance	4,000	5,000	4,762	(238)
Sundry	500	500	-	(500)
Capital outlay	37,800	57,993	15,800	(42,193)
	<u>351,000</u>	<u>367,988</u>	<u>265,771</u>	<u>(102,217)</u>
Total Street Department	351,000	367,988	265,771	(102,217)
Total Public Works	351,000	367,988	265,771	(102,217)

CITY OF MOUNT PLEASANT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
ECONOMIC DEVELOPMENT				
Economic development				
Publicity	500	200	200	-
Memberships and subscriptions	3,000	3,500	1,458	(2,042)
Public relations	1,000	3,500	1,032	(2,468)
Advertising	500	-	1,112	1,112
Travel	500	-	-	-
	<u>5,500</u>	<u>7,200</u>	<u>3,802</u>	<u>(3,398)</u>
Contributions				
Grants and donations	1,500	25,834	15,597	(10,237)
Animal control	10,000	10,000	-	(10,000)
Maury regional airport	5,000	5,000	5,000	
Other	15,500	31,205	26,000	(5,205)
	<u>32,000</u>	<u>72,039</u>	<u>46,597</u>	<u>(25,442)</u>
	<u>3,051,002</u>	<u>3,234,334</u>	<u>2,937,666</u>	<u>(296,668)</u>
Excess (deficiency) of Revenues over Expenditures	(179,784)	(164,611)	13,877	186,888
Transfers in Lieu of Taxes	284,400	284,400	324,760	40,360
Transfer to Community Center	(51,000)	(168,850)	(168,850)	-
Transfer to Planning, Zoning, and Codes	(57,000)	(67,000)	(67,000)	-
	<u>(3,384)</u>	<u>(116,061)</u>	<u>102,787</u>	<u>227,248</u>
FUND BALANCES, July 1, 2016	<u>1,481,597</u>	<u>1,481,597</u>	<u>1,982,127</u>	<u>150,581</u>
FUND BALANCE, June 30, 2017	<u>\$ 1,478,213</u>	<u>\$ 1,365,536</u>	<u>\$ 2,084,914</u>	<u>\$ 377,829</u>

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mount Pleasant, Tennessee ("the City"), located in Maury County, was incorporated in 1824. The Uniform City Manager-Commission Charter as set forth in chapters 18 through 23, title 6, *Tennessee Code Annotated* as amended to date, was adopted as the City's charter on May 28, 1957. The City is governed by a Mayor and Board of Commissioners with day-to-day administration through the City Manager. The City provides the following services: general administration, police, fire, recreation, public works, sanitation and utilities.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" requires that financial statements present the reporting entity which consists of the primary government and any "Component Unit" organization for which the primary government is financially accountable and any other "Component Unit" organizations of which the nature and significance of their relationship with the primary government are such that exclusion, could cause the City's financial statements to be misleading. There are no component units requiring blended or discrete presentation under the requirements of GASB Statement No. 14.

Accounting Pronouncements

Effective July 1, 2013, the City adopted GASB Statement No. 34, Basis Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the City. The financial statements now include government-wide funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

The government-wide financial statements present the City's programs between business-type and governmental activities.

Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and statement of changes in net position, report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Government activities which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants or contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included amount program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirement imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities or the current period. The government considers property taxes and most governmental revenues as available if received within 45 days of years end. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major fund:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government reports the following non-major fund:

State Street Aid Fund - The State Street Aid Fund is used to account for the operations of the state shared gasoline revenues.

Drug Fund - The Drug Fund accounts for the revenues derived from drug-related fines and the City's investigative and educational programs.

Community Development Fund - This fund is used to account for activities related to urban redevelopment and housing.

Community Center Fund - This fund is used to account for revenue and expenditures related to the operations of the Community Center.

Industrial Park Development Fund - This fund is used to account for revenue and costs associated with the development of the industrial park as well as recruitment and retention of industry.

HAZMAT Fund - This fund (Hazardous Materials Fund) is used to support cleanup of possible contaminated areas of the City.

E-Citation Fund - This fund is used to accumulate funds for the purchase of equipment used in the e-citation program.

The government reports the following major proprietary funds:

Water and Sewer Fund - This fund is used to account for the operations of the Water and Sewer fund.

Natural Gas Fund - This fund is used to account for the operations of the Natural Gas fund.

Power System - This fund is used to account for provision of electric power services.

The government reports the following non-major proprietary funds:

Sanitation Fund - This fund is used to account for the operations of the Sanitation department.

The Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

In accordance with GASB Statement No. 61, The Financial Reporting Entities, all funds are included in the primary government financial statements as component units.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City has adopted GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting. The City applies all applicable GASB pronouncements and Accounting Principles Board (APB) Opinions: issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally resulted from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Utility Fund also recognize as operating revenue the portion of tap fees intended to recover the cost on connecting new customers to the 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 non operating revenues and expenses.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the City uses committed, assigned, then unassigned funds.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts, certificates of deposit with original maturities of three months or less and amounts held by the State Local Government Investment Pool.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources. All trade receivables are shown net of an allowance for uncollectible accounts, if applicable.

Receivables which are 90 days past due are turned over to a collection agency and a \$50 collection fee is added. Receivables which are 180 days past due are presented to the Board to be considered a bad debt and written off. Any subsequent collections are considered miscellaneous income.

Inventory

Inventory of the Water and Sewer Fund and Natural Gas Fund is valued at cost, using the first-in first-out method. Inventory of all the governmental funds consist of expendable supplies held for consumption and are recorded at cost under the consumption method. Inventory of the Power System are stated at average costs.

Property Tax

The City's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property is located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made:

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
Real	40%
Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$1.62 per \$100 of assessed valuation for the fiscal year ended June 30, 2017. Payments may be made during the period from October 1 through March 1.

Delinquent taxes are turned over to the County for collection as required by the City's Municipal Code.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets, and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$5,000 or more and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is to available. Donated fixed assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Depreciation is provided over the estimated lives using the straight-line method. The estimated useful lives are as follows:

Infrastructure	40-50 years
Building	10-50 years
Utility Plant in Service	10-50 years
Furniture and Equipment	5-10 years

Restricted Assets

Certain proceeds of the Enterprise Fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on their respective balance sheets because they are maintained in separate bank accounts their use is either limited by applicable bond covenants or represent proceeds from bond issues that are restricted for use in construction.

Bond Issue Costs

Bond Issue Costs are amortized over the period of the related bond issue and presented as other assets in the accompanying financial statements.

Investments

Investments are stated at fair value, which is based on quoted market prices. Current year increases and decreases in fair value are included in the change in net position.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Vacation and Sick Leave

Employees of the primary government are granted vacation leave in varying amounts depending on completed years of service. Sick leave may be accrued at the rate of one day per month up to a maximum of ninety working days. Unused vacation and holiday pay at the end of a calendar year does not generally carry over to the next year. Exceptions may be made at the discretion of the City Manager where there are extenuating circumstances. Terminated employees are paid for accumulated unpaid vacation days, but not for sick days. Vacation and sick leave expenditures are recognized when paid. If material, generally accepted accounting principles would require the accrual of accumulated unpaid vacation pay. In management's opinion, the omission of such accruals does not materially affect the financial statements.

Mount Pleasant Power System recognizes the cost of annual leave pay as it is earned. Annual leave accrues monthly based on the employee's years of service. Each employee may carry over a maximum of thirty days annual leave to the following year. Upon termination, an employee receives pay for all accumulated annual leave. All employees of the Mount Pleasant Power System accrue sick leave at a rate of one day per month and may carry over an unlimited amount of unused sick days to the following year. Employees leaving service before age 55 are not paid for unused sick leave. Accordingly, sick pay for employees age 55 and under is charged to expense as it is taken. A retiring employee over age 55 may take time off with pay up to 50% of unused sick leave before or immediately following the planned retirement date. Accordingly, when an employee exceeds age 55, 50% of the accumulated sick leave is recorded as a liability based on the current rate of pay. This liability is adjusted annually based on the net change in the accumulated sick leave. As of June 30, 2017, the System has only four employees over age 55.

Fund Equity

In the fund financial statements, governmental funds report restrictions of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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 and are presented in the accompanying financial statements as other assets.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-Term Obligations - continued

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those

Financial instruments that potentially subject the City to significant concentrations of credit risk consist primarily of cash and account receivable. The City places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a.) Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b.) The City Council approves, by ordinance, total budget appropriations by department only. The City Manager is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the City Council.
- c.) The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Balance

The City implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are reported in the following manner:

Nonspendable Fund Balance- amounts that are not in a spendable form.

Restricted Fund Balance - amounts constrained to specific purposes by their providers, provisions, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval (via ordinance) can fund balance amounts be classified as committed or assigned. Board approval (via ordinance) is required to establish, modify or rescind a fund balance requirement.

2. CASH AND CASH EQUIVALENTS

The City is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. During the year, the City invested funds that were not immediately needed in certificates of deposits, savings accounts and investments in the State of Tennessee Local Government Investment Pool. The City has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by State Statute to be secured and collateralized by the Institutions.

The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the City and must total a minimum 105% of the value of the deposits placed in the institution less the amount protected by federal depository insurance. The City's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Customer Accounts</u>	<u>Grants</u>	<u>Total</u>
General Fund	\$ 96,108	\$ 1,416,870	\$ 252,145	\$ 13,877	\$ 1,779,000
Special Revenue Funds	11,361	-	26,832	-	38,193
Enterprise Funds	-	-	2,105,277	79,039	2,184,316
Less: allowance for doubtful accounts	-	-	(179,810)	-	(179,810)
Total	<u>\$ 107,469</u>	<u>\$ 1,416,870</u>	<u>\$ 2,204,444</u>	<u>\$ 92,916</u>	<u>\$ 3,821,699</u>

4. CAPITAL ASSETS

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Land	\$ 230,227	\$ -	\$ -	\$ 230,227
Buildings & improvements	3,372,349	-	-	3,372,349
Infrastructure	1,491,123	-	-	1,491,123
Machinery & equipment	1,052,336	239,096	-	1,291,432
Total	6,146,035	<u>239,096</u>	<u>-</u>	6,385,131
Less accumulated depreciation	<u>(2,904,774)</u>			<u>(3,129,246)</u>
Net capital assets	<u>\$ 3,241,261</u>			<u>\$ 3,255,885</u>

All assets except land of \$230,227 are being depreciated.

Depreciation expense was charges to functions/programs of the primary government as follows:

General Fund:

General Fund administration	\$ 135,463
Police department	25,763
Fire department	33,399
Public works	<u>29,847</u>

Total	<u>\$ 224,472</u>
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CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

4. CAPITAL ASSETS - CONTINUED

A summary of changes in Enterprise (Water and Sewer) Fund property, plant and equipment and related accumulated depreciation is as follows:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Land and easement	\$ 637,388	\$ -	\$ -	\$ 637,388
Construction in progress	1,634,669	85,000	1,631,470	88,199
Utility plant	28,486,507	2,585,290	-	31,071,797
Equipment	219,128	9,506	-	228,634
	<hr/>	<hr/>	<hr/>	<hr/>
Total	30,977,692	<u>2,679,796</u>	<u>1,631,470</u>	32,026,018
Less accumulated depreciation	<u>(7,976,280)</u>			<u>(8,705,980)</u>
Net plant in service	<u>\$ 23,001,412</u>			<u>\$ 23,320,038</u>

All assets except land and easements of \$637,388 and construction in progress of \$88,199 are being depreciated. Depreciation expense was \$729,702 for the year ended June 30, 2017.

A summary of changes in Enterprise (Natural Gas) Fund property, plant and equipment and related accumulated depreciation is as follows:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Land and easement	\$ 17,500	\$ -	\$ -	\$ 17,500
Equipment	68,143	-	648	67,495
Construction in progress	417,794	-	417,794	-
Vehicles	-	49,200	-	49,200
Utility Plant	3,761,265	533,962	-	4,295,227
	<hr/>	<hr/>	<hr/>	<hr/>
Total	4,264,702	<u>583,162</u>	<u>418,442</u>	4,429,422
Less accumulated depreciation	<u>(1,465,026)</u>			<u>(1,575,179)</u>
Net plant in service	<u>\$ 2,799,676</u>			<u>\$ 2,854,243</u>

All assets except land of \$17,500 are being depreciated. Depreciation expense was \$114,772 for the year ended June 30, 2017.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

4. CAPITAL ASSETS - CONTINUED

A summary of changes in Enterprise (Sanitation) Fund property, plant and equipment and related accumulated depreciation is as follows:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Equipment	\$ 369,391	\$ 1,135	\$ 81,000	\$ 289,526
Total	369,391	<u>1,135</u>	<u>81,000</u>	289,526
Less accumulated depreciation	<u>(197,759)</u>			<u>(141,647)</u>
Net plant in service	<u>\$ 171,632</u>			<u>\$ 147,879</u>

Depreciation expense was \$18,613 for the year ended June 30, 2016.

A summary of changes in Enterprise (Power System) Fund property, plant and equipment and related

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Land	\$ 250,275	\$ 32,000	\$ -	\$ 282,275
Construction in progress	1,851,534	-	74,532	1,777,002
Electric system	14,890,038	1,219,495	211,515	15,898,018
Equipment	<u>2,189,331</u>	<u>250,810</u>	<u>-</u>	<u>2,440,141</u>
Total	19,181,178	<u>1,502,305</u>	<u>286,047</u>	20,397,436
Less accumulated depreciation	<u>(7,875,780)</u>			<u>(8,427,628)</u>
Net plant in service	<u>\$ 11,305,398</u>			<u>\$ 11,969,808</u>

All assets except land of \$282,275 and construction in progress of \$1,777,002 are being depreciated. Depreciation expense was \$822,947 for the year ended June 30, 2017.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

5. LONG-TERM DEBT PAYABLE AND OTHER OBLIGATIONS PAYABLE

The following schedule reflects the changes in long-term debt, as shown for Governmental activities during the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Loans Payable:				
Capital outlay	\$ 280,635	\$ -	\$ 65,374	\$ 215,261
2012 Bonds	1,425,000		60,000	1,365,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,705,635</u>	<u>-</u>	<u>125,374</u>	<u>\$ 1,580,261</u>

The following schedule reflects the changes in long-term debt, as shown for Enterprise Fund activities during the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Bonds and Notes Payable:				
Revolving Loan Program	\$ 5,590,945	\$ -	\$ 371,595	\$ 5,219,350
2008 Bonds	805,000	-	35,000	770,000
Mt. Joy Bonds	6,000	-	-	6,000
USDA Loan	4,855,646	-	82,866	4,772,780
Sanitation Loan	73,500	-	19,966	53,534
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 11,331,091</u>	<u>\$ -</u>	<u>509,427</u>	<u>\$ 10,821,664</u>

The following schedule reflects the changes in long-term debt, as shown for Enterprise (Power System) Fund activities during the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 206</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Bonds and Notes Payable:				
2012 Bonds	4,010,000	-	330,000	3,680,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 4,010,000</u>	<u>-</u>	<u>330,000</u>	<u>\$ 3,680,000</u>

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

5. LONG-TERM DEBT PAYABLE AND OTHER OBLIGATIONS PAYABLE - CONTINUED

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2017 are as follows:

Year Ending June 30,	<u>General Obligation</u>		<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 132,614	\$ 57,066	\$ 509,128	\$ 222,482
2019	134,919	53,622	516,247	211,604
2020	98,248	50,148	526,507	200,325
2021	91,874	47,561	536,991	188,836
2022	97,606	44,775	547,689	177,149
2023-2027	425,000	176,314	2,932,361	701,340
2028-2032	510,000	85,172	1,892,157	403,782
2033-2053	115,000	4,577	3,307,050	1,829,292
Total	<u>\$ 1,605,261</u>	<u>\$ 519,235</u>	<u>\$ 10,768,130</u>	<u>\$ 3,934,810</u>

The Water and Sewer Fund obligations are secured by specific revenues of the fund with the general obligations debt secured by the full faith and credit of the City.

Year Ending June 30,	<u>Sanitation Fund</u>		<u>Power System Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 18,139	1,856	\$ 335,000	83,245
2019	18,768	1,227	340,000	78,220
2020	16,627	576	345,000	72,695
2021	-	-	355,000	66,140
2022	-	-	360,000	58,685
2023-2027	-	-	1,945,000	158,914
Total	<u>\$ 53,534</u>	<u>\$ 3,659</u>	<u>\$ 3,680,000</u>	<u>\$ 517,899</u>

The Sanitation Fund and the Power System Fund obligations are secured by specific revenues of the fund.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

6. RESIDENTIAL ENERGY RIGHT LOAN PROGRAM

The Power System participates with the TVA and a local bank in the Residential Energy Right Loan Program. Under the program, eligible customers may obtain low interest loans to finance the acquisition of a heat pump for their homes. Advances under the program are reported as other liabilities. Conservation loans receivable from customers under the program are reported as other assets. Advances are to be repaid from customer loan collections. Any uncollectible loans are the responsibility of TVA and the local bank.

7. RESTRICTED NET POSITION

The Water and Sewer fund net position has a restricted balance of \$501,209. This amount is to be used for retain age payments and future debt service payments.

8. PENSION PLAN

City of Mount Pleasant

The City of Mount Pleasant Employees' Pension Trust is a single-employer defined contribution (target benefit) pension plan administered by VOYA Retirement Insurance and Annuity Company (VRIAC). The City's plan provides pension benefits for City employees who meet participant requirements. The City's plan does not include the Power System employees who are covered under separate retirement plans discussed later in the Notes. The City's plan was authorized by the City Board of Mayor and Commissioners effective January 1, 1967, and was changed from a defined benefit plan to a defined contribution plan on July 1, 1984.

The City contributes to the plan on a quarterly basis at a rate determined by a pension consultant. Employees do not contribute to the plan. The City's contributions are made to an insurance carrier for investment in life insurance contracts and auxiliary investment funds. There is no investment of assets of the plan in securities of the City or related parties. For the fiscal year ended June 30, 2016, the City's total payroll, excluding the Power System Fund, was \$2,591,858. The total payroll for covered employees was \$867,571. The contribution to the plan was \$105,218 which was 12% of the total salary for the covered employees.

The City closed enrollment for the Pension Trust on March 1, 2011 and initiated the 401a and 457 plans administered by ICMA. The 401a plan requires a mandatory 2% of base salary through payroll deduction for each eligible new hire. The 457 plan is optional for employees may contribute without a minimum or maximum percent of their base salary to the 457 plan. The City will match the employee's 401a mandatory 2% contribution plus the employee's 457 elected percentage for a combined total of 8% of base salary. The City's match is contributed to the ICMA 401a plan on a monthly basis.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

8. PENSION PLAN - continued

Account Activity: July 1, 2016 through June 30, 2017:

<u>Account</u>	<u>Employer Contributions</u>
Ending Value, 7/1/16	959,185
Deposits	86,815
Other Activity	(240)
Investment Earnings	55,679
Current Value, 6/30/17	1,101,439

Recap of Deposit & Other Activity:

Deposits - Asset Transfer	34,726
Deposits - Contributions	17,363
Deposits- Contributions (A/R, June 30, 2016)	34,726

Other Activity - Fees	240
Other Activity - Asset Reallocation	-
Other Activity - Withdrawals	-

Mount Pleasant Power System

On July 1, 2006, the System revised its pension plan and established the Mount Pleasant Power System Retirement Program consisting of two retirement plans, a defined benefit plan through Central Service Association underwritten by MassMutual Financial Group, and a 457 deferred compensation plan for governmental employees through Central Service Association, and underwritten by ING Life Insurance and Annuity Company, LLC.

A defined benefit plan is a pension and annuity plan that offers a specific retirement benefit to employees. The benefit is usually in the form of a monthly retirement pension that is based on the employee's wages and years of service with the employer. An employer's annual contribution to the plan are based on actuarial assumptions and are not allocated to individual accounts maintained for the employees like a defined contribution plan. Therefore, a 457 deferred compensation plan was necessary as Internal Revenue Service rules do not allow for the rollover of existing funds to a defined benefit plan.

Employees are eligible to participate provided they are 18 years of age and have completed the required probationary period after hiring. Employees who are within five years of planned retirement, or who are 59 (or older), and have been with the utility for five years or more at the new plan's origin, shall have the choice of enrolling in the defined benefit plan, or receiving the full employer contribution in the ING 457 Plan, or receiving the full employer contribution in additional payroll wages. For the fiscal years ended June 30, 2017 and 2016, the System's contribution the 457 Plan was \$114,747 and \$104,240, respectively.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

8. PENSION PLAN - continued

The defined benefit pension plan is part of a multi-employer plan through Central Service Association (CSA) and is administered by MassMutual Financial Group. The System funds the plan monthly based on the annual required contribution (ARC) as calculated by the administrators. The required contribution is an actuarially determined amount that represents an amount of funding that will cover the annual normal costs and will amortize any unfunded actuarial liability over a 10 year period. The System's current monthly funding amount is \$9,639 or \$115,668 annually. The contribution rate as a percentage of covered payroll was 8.54% as of the October 1, 2016 actuarial valuation.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funding status of the plan and the annual required contributions of the System are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets:

Plan Membership as of the measurement date of October 1, 2016 was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	17
	18
	18

Net Pension Liability

The System's net pension liability was measured as of October 1, 2016, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - October 1, 2016
- Discount rate - 7%
- Mortality - RP 2000 Fully Generational with Scale AA
- Salary increased - 3% annually
- Assumed retirement - age 65
- Cost of living increase - N/A
- Date of participation freeze - N/A

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

8. PENSION PLAN - continued

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in Net Pension Liability

	Total Pension <u>Liability</u>	Increase/Decrease Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
Balance at October 1, 2015	<u>\$ 1,431,477</u>	<u>\$ 836,824</u>	<u>\$ 594,653</u>
Changes for the year:			
Service cost	57,722	-	57,722
Interest Cost	104,213	-	104,213
Difference between expected and actual e	57,737	-	57,737
Employer contributions	-	112,962	(112,962)
Employee contributions	-	13,265	(13,265)
Net investment income	-	76,049	(76,049)
Benefit payments	(893)	(893)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net changes	<u>218,779</u>	<u>201,383</u>	<u>17,396</u>
Balance at October 1, 2016	<u><u>\$ 1,650,256</u></u>	<u><u>\$ 1,038,207</u></u>	<u><u>\$ 612,049</u></u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the System calculated using the discount rate of 7% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

Net pension liability with a 1% decrease in discount rate: 6%	\$	928,403
Net pension liability at current discount rate: 7%	\$	612,049
Net pension liability with a 1% increase in discount rate: 8%	\$	346,583

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

8. PENSION PLAN - continued

Annual Pension Expense

Under GASB 68, the annual pension expense is intended to recognize certain changes in the net pension liability compared to the previous measurement date. Changes not recorded as a pension expense will be recorded and traced separately as deferred inflows and outflows to be recognized in a future period's pension expense. Changes in the total pension liability due to difference between actual experience and assumptions are recognized over a closed period equal to the future remaining service of plan participants. Differences between actual and expected investment performance are recognized over a five year period. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

Service cost	\$	57,722
Interest on the total pension liability		104,213
Differences between expected and actual experience		21,028
Change of assumptions		-
Employee contributions		(13,265)
Projected earnings on pension plan investments		(62,964)
Differences between projected and actual earnings on plan investments		6,624
Pension plan administrative expense		-
Other changes in fiduciary net pension		-
		-
Total pension expense	\$	113,358

Defererd Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2017, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>		<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 220,328	\$	-
Change of assumptions	-		-
Net difference between projected and actual earnings in pension plan investments	28,680		(11,108)
Contributions subsequent to the measurement date	95,427		-
	\$ 344,435	\$	(11,108)

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

8. PENSION PLAN - continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending October 1,	
FY 2017	\$ 27,652
FY 2018	27,652
FY 2019	27,971
FY 2020	18,411
FY 2021	21,028
Thereafter	115,186

9. PRIOR PERIOD ADJUSTMENT

The General Fund had an adjustment of \$25,007 related to correction of an error in recording a bond payable during a prior period. During the year ended June 30, 2017, this error was corrected resulting in a prior period adjustment.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. INTERFUND BALANCES

The City has several interfund balances at June 30, 2017:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 13,659	\$ -
Community Center	-	-
Drug Fund	-	24
Water and Sewer Fund	883,365	6,330
State Street Aid Fund	-	10,584
Natural Gas Fund	6,330	851,814
E-Citation	-	16
Sanitation Fund	-	34,586
	<hr/>	<hr/>
Total	<u>\$ 903,354</u>	<u>\$ 903,354</u>

All interfund balances are the result of routine transactions and are consistent with each fund's activities.

11. COMMITMENTS AND CONTINGENCIES

Water Purchase - Columbia Water System

The City entered into a Water Purchase Contract with the Columbia Water System in 1984 (amended in 2009) under which the City agreed to purchase water from Columbia Water System and agreed to construct a water line to serve the City.

In addition to the monthly payment discussed above, the City agreed to pay for all water actually used on a monthly basis at the then prevailing rate. The City also agreed to limit its demand to a maximum of 500 gallons of water per minute and to limit its use to 12,000,000 gallons per month.

Lease Commitments - Power System Fund

Certain short term agreements provide for the System's utilization of other local utilities' distribution facilities in its operations and other similar agreements provide for the joint use of the System's distribution facilities by other utilities and certain customers. Rental revenues and expenses from the above-mentioned agreements amounted to \$89,169 and \$16,292, respectively, for the year ended June 30, 2017.

Healthcare Reimbursement Reserve - Power System Fund

In December 2006, the Board approved the creation of a healthcare reimbursement arrangement (HRA plan) for providing health care benefits for its employees. Employer funds are deposited on July 1st each year into a reserve that reimburses an employee for medical expenses incurred by the employee and the employee's spouse and dependents. At June 30, 2017, the account balance was \$38,058.

CITY OF MOUNT PLEASANT, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

12. COMMITMENTS AND CONTINGENCIES - CONTINUED

Tennessee Valley Authority Contract Restriction - Power System Fund

The System has a power contract with Tennessee Valley Authority under which the System purchases all its electric power and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, credit, or property to other operations of the City of Mount Pleasant, and the purchase or payment of, or providing security for, indebtedness or other obligations applicable to such other operations. In addition, the System will not make payments of more than its fair share of amounts equivalent to property taxes or make payments greater than standardized or market prices for property or services from other departments of the City of Mount Pleasant.

13. RISK MANAGEMENT

City of Mount Pleasant - The City is exposed to various risks to general liability and property and casualty losses. The City has decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The City joined TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The City pays an annual premium to the TML for its general liability and property and casualty insurance coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The pool reinsures through commercial insurance companies for claims in excess of \$130,000 for each insured event. The City has not had claims in excess of insurance coverage during the last three years.

Mount Pleasant Power System Fund - The System carries commercial insurance to cover any significant loss that may result from claim. The insurance in effect at June 30, 2017 is essentially the same as in prior years with no significant reduction in coverage.

14. RECLASSIFICATIONS - MOUNT PLEASANT POWER SYSTEM

Certain prior year amounts of the Mount Pleasant Power System, as presented, have been reclassified to conform to the current year presentation.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 9, 2017, which is the date the financial statements were available to be issued. No events were disclosed.

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF FUNDING PROGRESS FOR PENSION - POWER SYSTEM
JUNE 30, 2017

The funding progress for the year is shown below:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Percentage	Covered Payroll	Unfunded Actuarial Accrued Liability as Percent of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c.)	(b-a)/(c.)
10/1/2016	\$ 1,052,669	\$ 1,650,256	\$ 597,587	63.79%	\$ 1,354,679	44.11%
10/1/2015	\$ 851,828	\$ 1,431,477	\$ 579,649	59.51%	\$ 1,318,465	43.96%
10/1/2014	\$ 691,181	\$ 1,222,526	\$ 531,345	56.54%	\$ 1,179,436	45.05%

SUPPLEMENTAL SCHEDULES

CITY OF MOUNT PLEASANT, TENNESSEE
STATE STREET AID FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES				
State shared taxes	\$ 110,000	\$ 110,000	\$ 126,241	\$ 16,241
Grant	-	25,000	22,803	(2,197)
Interest Revenue	20	20	19	(1)
	<u>110,020</u>	<u>135,020</u>	<u>149,063</u>	<u>14,043</u>
EXPENDITURES				
Administration				
Electric street lights	74,000	94,500	87,269	7,231
Other Professional Services	25,000	4,475	-	4,475
Office	-	25	25	
Insurance	650	1,650	858	792
Paved streets				
Repair and maintenance	15,000	15,000	8,409	6,591
Land improvements	10,000	10,000	25,645	(15,645)
Sidewalks and crosswalks				
Sidewalk repairs	5,000	5,000	300	4,700
Capital outlay	5,000	29,000	-	29,000
	<u>134,650</u>	<u>159,650</u>	<u>122,506</u>	<u>37,144</u>
Net change in fund balance	(24,630)	(24,630)	26,557	51,187
FUND BALANCES, July 1, 2016	<u>100,303</u>	<u>100,303</u>	<u>123,107</u>	<u>22,804</u>
FUND BALANCE, June 30, 2017	<u><u>\$ 75,673</u></u>	<u><u>\$ 75,673</u></u>	<u><u>\$ 149,664</u></u>	<u><u>\$ 73,991</u></u>

CITY OF MOUNT PLEASANT, TENNESSEE
DRUG FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
REVENUES				
Drug related fines	\$ 7,000	\$ 9,700	\$ 9,970	\$ 270
City court fines	-	7,600	1,740	(5,860)
Interest revenue	10	10	19	9
Other revenue	5,000	5,300	18,090	12,790
	<u>12,010</u>	<u>22,610</u>	<u>29,819</u>	<u>7,209</u>
EXPENDITURES				
Organizational				
Memberships and subscriptions	1,500	1,500	385	(1,115)
Undercover work/task force	2,000	2,000	500	
Other professional fees	1,000	1,500	1,076	(424)
Repair and maintenance	1,800	1,800	717	(1,083)
Travel	1,200	1,500	1,278	(222)
Other contractual services	500	-	80	80
Office supplies and materials	100	100	-	(100)
Operating supplies	800	1,500	990	(510)
Clothing and uniforms	450	450	344	(106)
Gas, oil, and vehicle supplies	725	4,725	3,715	(1,010)
	<u>10,075</u>	<u>15,075</u>	<u>9,085</u>	<u>(4,490)</u>
Other				
Other Machinery and Equipment	-	16,600	15,500	1,100
Interfund P&I payment	10	10	-	(10)
	<u>10</u>	<u>16,610</u>	<u>15,500</u>	<u>1,090</u>

CITY OF MOUNT PLEASANT, TENNESSEE
DRUG FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Over (Under)</u>
Total expenditures	10,085	31,685	24,585	(3,400)
Excess (deficiency) of Revenues over Expenditure	1,925	(9,075)	5,234	10,609
Transfer from General fund	-	-	-	-
Net change in fund balance	1,925	(9,075)	5,234	10,609
FUND BALANCES, July 1, 2016	27,798	27,798	49,287	21,489
FUND BALANCE, June 30, 2017	<u>\$ 29,723</u>	<u>\$ 18,723</u>	<u>\$ 54,521</u>	<u>\$ 32,098</u>

CITY OF MOUNT PLEASANT, TENNESSEE
COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Budget Over (Under)
REVENUES				
Revenues				
Building Permits	\$ 27,100	\$ 27,100	\$ 28,647	\$ 1,547
UDAG Phase 1 - Housing	800	800	253	(547)
Interest	-	-	2	2
Transfer from General Fund	57,000	67,000	67,000	-
Other finance sources	-	-	200	200
	<u>84,900</u>	<u>94,900</u>	<u>96,102</u>	<u>1,202</u>
Total revenues				
EXPENDITURES				
Personnel	69,000	65,925	56,970	(8,955)
Legal and Professional Services	1,000	10,300	9,602	(698)
Supplies	900	2,450	1,731	(719)
Dues and Subscriptions	1,900	2,400	2,374	(26)
Demolition	10,000	10,000	-	(10,000)
Other	2,100	3,825	2,840	(985)
	<u>84,900</u>	<u>94,900</u>	<u>73,517</u>	<u>(21,383)</u>
Total expenditures				
Net change in fund balance	-	-	22,585	22,585
FUND BALANCES, July 1, 2016	<u>6,266</u>	<u>6,266</u>	<u>6,500</u>	<u>234</u>
FUND BALANCE, June 30, 2017	<u>\$ 6,266</u>	<u>\$ 6,266</u>	<u>\$ 29,085</u>	<u>\$ 22,819</u>

CITY OF MOUNT PLEASANT, TENNESSEE
PARKS RECREATION AND COMMUNITY CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Budget Over (Under)
REVENUES				
Interest revenue	\$ 10	\$ 10	\$ 7	\$ (3)
Contributions	-	5,000	5,000	-
Transfer from general fund	88,000	168,850	168,850	-
Grant	25,000	25,000	26,262	1,262
Rental revenue	-	-	11,065	11,065
Other revenue	10,450	10,450	2,738	(7,712)
	<u>123,460</u>	<u>209,310</u>	<u>213,922</u>	<u>4,612</u>
EXPENDITURES				
Personnel	58,800	55,050	53,520	(1,530)
Utilities	29,900	39,900	36,874	(3,026)
Other professional services	600	24,150	20,757	(3,393)
Repairs and maintenance	13,400	12,750	4,689	(8,061)
Other contractual services	2,450	-	-	-
Operating supplies	950	7,150	7,229	79
Sundry-grants, contributions	-	90	76	(14)
Capital Outlay	10,000	3,750	3,742	(8)
Other	3,000	15,400	11,287	(4,113)
	<u>119,100</u>	<u>158,240</u>	<u>138,174</u>	<u>(20,066)</u>
Net change in fund balance	4,360	51,070	75,748	24,678
FUND BALANCES, July 1, 2016	<u>1,930</u>	<u>1,930</u>	<u>(3,872)</u>	<u>(5,802)</u>
FUND BALANCE, June 30, 2017	<u>\$ 6,290</u>	<u>\$ 53,000</u>	<u>\$ 71,876</u>	<u>\$ 18,876</u>

CITY OF MOUNT PLEASANT, TENNESSEE
INDUSTRIAL DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Budget Over (Under)
REVENUES				
Other Sources	\$ -	\$ 3,000	\$ 15,474	\$ (12,474)
Interest revenue	-	-	-	-
Total revenues	-	3,000	15,474	(12,474)
EXPENDITURES				
Sundry	1,022	1,022	-	(1,022)
Legal services	-	1,000	655	(345)
Supplies	-	100	60	(40)
Total expenditures	1,022	2,122	715	(1,407)
Net change in fund balance	(1,022)	878	14,759	(11,067)
FUND BALANCES, July 1, 2016	1,022	1,022	-	(1,022)
FUND BALANCE, June 30, 2017	\$ -	\$ 1,900	\$ 14,759	\$ (12,089)

CITY OF MOUNT PLEASANT, TENNESSEE
E-CITATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Budget Over (Under)
REVENUES				
City Court Fines and Costs	\$ -	\$ 100	\$ 152	\$ 52
Total revenues	-	100	152	52
EXPENDITURES				
Office	-	35	90	55
Total expenditures	-	35	90	55
Net change in fund balance	-	65	62	(3)
FUND BALANCES, July 1, 2015	-	-	-	-
FUND BALANCE, June 30, 2016	\$ -	\$ 65	\$ 62	\$ (3)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF MOUNT PLEASANT, TENNESSEE
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	STATE STREET AID FUND	DRUG FUND	COMMUNITY DEVELOPMENT FUND	COMMUNITY CENTER FUND	INDUSTRIAL DEVELOPMENT FUND	E-CITATIONS FUND	TOTAL
ASSETS							
Cash	\$ 139,323	\$ 54,156	\$ 32,740	\$ 48,485	\$ 14,759	\$ 146	\$ 289,609
Other accounts receivable	-	570	-	26,262	-	-	26,832
Property held for resale	-	-	19,260	-	-	-	19,260
Prepaid expenses	190	-	116	1,155	-	-	1,461
Due from other funds	10,584	24	-	-	-	16	10,624
Due from other governments	11,361	-	-	-	-	-	11,361
Total assets	\$ 161,458	\$ 54,750	\$ 52,116	\$ 75,902	\$ 14,759	\$ 162	\$ 359,147
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable/ accrued expenses	\$ 27	\$ 229	\$ 3,771	\$ 4,026	\$ -	\$ 100	\$ 8,153
Due to other funds	-	-	-	-	-	-	-
Deferred revenues	11,767	-	19,260	-	-	-	31,027
Total liabilities	11,794	229	23,031	4,026	-	100	39,180
Fund balances							
Restricted	149,664	54,521	29,085	71,876	14,759	62	319,967
Unassigned	-	-	-	-	-	-	-
Total fund balances	149,664	54,521	29,085	71,876	14,759	62	319,967
Total liabilities and fund balances	\$ 161,458	\$ 54,750	\$ 52,116	\$ 75,902	\$ 14,759	\$ 162	\$ 359,147

CITY OF MOUNT PLEASANT, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	STATE STREET AID FUND	DRUG FUND	COMMUNITY DEVELOPMENT FUND	COMMUNITY CENTER FUND	INDUSTRIAL DEVELOPMENT FUND	E-CITATIONS FUND	TOTAL
REVENUES							
State shared taxes	\$ 126,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,241
Fines	-	11,710	-	-	-	152	11,862
Bulding Permits	-	-	28,647	-	-	-	28,647
Grant	22,803	-	-	26,262	-	-	49,065
Rental revenue	-	-	-	11,065	-	-	11,065
Other	-	18,090	453	7,738	15,474	-	41,755
Interest revenue	19	19	2	7	-	-	47
Total revenues	<u>149,063</u>	<u>29,819</u>	<u>29,102</u>	<u>45,072</u>	<u>15,474</u>	<u>152</u>	<u>268,682</u>
EXPENDITURES							
Personnel	-	-	56,970	53,520	-	-	110,490
Utilities	87,269	-	-	36,874	-	-	124,143
Memberships and subscriptions	-	385	2,374	-	-	-	2,759
Professional fees	-	1,156	9,602	20,757	655	-	32,170
Insurance	858	-	-	-	-	-	858
Travel	-	1,278	-	-	-	-	1,278
Other contractual services	-	-	-	-	-	-	-
Operating supplies	-	990	1,731	7,229	60	-	10,010
Clothing and uniform	-	344	-	-	-	-	344
Gas, oil, and vehicle supplies	-	3,715	-	-	-	-	3,715
Repair and maintenance	8,709	717	-	4,689	-	-	14,115
Capital outlay	25,645	15,500	-	3,742	-	-	44,887
Miscellaneous expenses	25	500	2,840	11,363	-	90	14,818
Total expenditures	<u>122,506</u>	<u>24,585</u>	<u>73,517</u>	<u>138,174</u>	<u>715</u>	<u>90</u>	<u>359,587</u>
Excess of revenues over (under) expenditures	26,557	5,234	(44,415)	(93,102)	14,759	62	(90,905)
Transfers from General Fund	-	-	67,000	168,850	-	-	235,850
Net change in fund balance	26,557	5,234	22,585	75,748	14,759	62	144,945
FUND BALANCES, July 1, 2016	<u>123,107</u>	<u>49,287</u>	<u>6,500</u>	<u>(3,872)</u>	<u>-</u>	<u>-</u>	<u>175,022</u>
FUND BALANCE, June 30, 2017	<u>\$ 149,664</u>	<u>\$ 54,521</u>	<u>\$ 29,085</u>	<u>\$ 71,876</u>	<u>\$ 14,759</u>	<u>\$ 62</u>	<u>\$ 319,967</u>

FINANCIAL SCHEDULES

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY TYPE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

<u>Description</u>	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
Land	\$ 230,227	\$ -	\$ -	\$ 230,227
Buildings and Improvements	3,372,349	-	-	3,372,349
Infrastructure	1,491,123	-	-	1,491,123
Machinery and Equipment	<u>1,052,336</u>	<u>239,096</u>	<u>-</u>	<u>1,291,432</u>
Total Assets	<u><u>\$ 6,146,035</u></u>	<u><u>\$ 239,096</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,385,131</u></u>

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY - GENERAL FUND
JUNE 30, 2017

<u>Description</u>	<u>Land</u>	<u>Building and Improvements</u>	<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Balance June 30, 2017</u>
General Government	\$ 230,227	\$ 3,372,349	\$ -	\$ 44,270	\$ 3,646,846
Police Department	-	-	-	329,866	329,866
Fire Department	-	-	-	651,787	651,787
Public Works	-	-	1,491,123	265,509	1,756,632
Total Assets	<u>\$ 230,227</u>	<u>\$ 3,372,349</u>	<u>\$ 1,491,123</u>	<u>\$ 1,291,432</u>	<u>\$ 6,385,131</u>

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSITS -
ALL FUNDS
JUNE 30, 2017

	<u>Carrying Value</u>
General Fund	
Checking	\$ 1,672,965
Certificate of deposit	181,820
State Street Aid Fund	
Demand deposits	139,323
Drug Fund	
Demand deposits	54,156
Community Development Fund	
Demand deposits	32,740
Industrial Development	
Demand deposits	14,759
Community Center Fund	
Demand deposits	48,485
E-Citations Fund	
Demand deposits	146
Water and Sewer Fund	
Demand deposits	3,253,633
Certificate of deposit	55,433
	<u>3,309,066</u>
Natural Gas Fund	
Demand deposits	1,443,852
Certificates of deposit	676,895
	<u>2,120,747</u>
Sanitation Fund	
Demand deposits	306,022
Certificate of deposit	101,386
	<u>407,408</u>
Power System	
Demand deposits	1,382,385
Certificates of deposit	1,626,179
	<u>3,008,564</u>
Total Cash and Cash Equivalents - All Funds	<u><u>\$ 10,990,179</u></u>

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2017

Tax Year	Balance July 1, 2016	Levy	Collections and Adjustments	Balance June 30, 2017
2017	\$ -	\$ 1,416,870	\$ -	\$ 1,416,870
2016	1,282,474	-	(1,138,759)	143,715
2015	96,414	-	(66,443)	29,971
2014	23,580	-	(21,911)	1,669
2013	6,093	-	-	6,093
2012	12,765	-	(1,147)	11,618
2011	5,969	-	(1,017)	4,952
	<u>\$ 1,427,295</u>	<u>\$ 1,416,870</u>	<u>\$ (1,229,277)</u>	<u>\$ 1,614,888</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Assessments</u>	<u>Tax Levy</u>	<u>Tax Adjustment and Collections</u>	<u>Outstanding Delinquent Taxes</u>
2017	1.62	\$ 87,461,111	\$ 1,416,870	\$ -	\$ 1,416,870
2016	1.62	79,165,062	1,282,474	1,138,759	143,715
2015	1.62	81,228,017	1,315,890	1,285,919	29,971
2014	1.62	77,951,799	1,262,813	1,261,144	1,669
2013	1.37	75,646,741	1,036,858	1,030,765	6,093
2012	1.37	66,784,308	914,021	902,403	11,618
2011	1.37	68,947,544	976,298	971,346	4,952
2010	1.37	66,784,308	947,189	947,189	-
2009	1.38	65,179,995	931,812	931,812	-
2008	1.38	63,983,622	915,587	915,587	-

Note: All delinquent taxes have been turned over to the County for collection.

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
GENERAL OBLIGATION DEBT
JUNE 30, 2017

<u>Year</u>	<u>Series 2008</u>		<u>Knuckleboom Truck</u>		<u>Fire Truck</u>		<u>Police Cars</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	65,000	55,322	25,022	1,744	19,815	3,549	22,777	4,357	132,614	57,066
2019	65,000	52,735	25,879	887	20,479	2,885	23,561	1,016	134,919	53,622
2020	65,000	50,148	-	-	21,165	2,199	12,083	206	98,248	50,148
2021	70,000	47,561	-	-	21,874	1,490	-	-	91,874	47,561
2022	75,000	44,775	-	-	22,606	757	-	-	97,606	44,775
2023	80,000	41,790	-	-	-	-	-	-	80,000	41,790
2024	80,000	38,606	-	-	-	-	-	-	80,000	38,606
2025	85,000	35,422	-	-	-	-	-	-	85,000	35,422
2026	90,000	32,039	-	-	-	-	-	-	90,000	32,039
2027	90,000	28,457	-	-	-	-	-	-	90,000	28,457
2028	95,000	24,875	-	-	-	-	-	-	95,000	24,875
2029	100,000	21,094	-	-	-	-	-	-	100,000	21,094
2030	100,000	17,114	-	-	-	-	-	-	100,000	17,114
2031	105,000	13,134	-	-	-	-	-	-	105,000	13,134
2032	110,000	8,955	-	-	-	-	-	-	110,000	8,955
2033	115,000	4,577	-	-	-	-	-	-	115,000	4,577
2034	-	-	-	-	-	-	-	-	-	-
	<u>\$1,390,000</u>	<u>\$ 516,604</u>	<u>\$ 50,901</u>	<u>\$ 2,631</u>	<u>\$ 105,939</u>	<u>\$ 10,880</u>	<u>\$ 58,421</u>	<u>\$ 5,579</u>	<u>\$1,605,261</u>	<u>\$ 519,235</u>

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
WATER AND SEWER FUND
JUNE 30, 2017

<u>Year</u>	<u>Series 2008</u>		<u>State of Tennessee Utility Improvements</u>		<u>USDA Loan</u>		<u>Mt. Joy Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	35,000	30,646	382,750	104,088	85,378	87,742	6,000	6	509,128	222,482
2019	40,000	29,253	388,920	96,204	87,327	86,147	-	-	516,247	211,604
2020	40,000	27,661	396,972	88,152	89,535	84,512	-	-	526,507	200,325
2021	40,000	26,069	405,192	79,932	91,799	82,835	-	-	536,991	188,836
2022	40,000	24,477	413,568	71,556	94,121	81,116	-	-	547,689	177,149
2023	40,000	22,885	422,124	63,000	96,501	79,354	-	-	558,625	165,239
2024	45,000	21,293	430,860	54,264	98,941	77,547	-	-	574,801	153,104
2025	45,000	19,502	439,788	45,336	101,443	75,694	-	-	586,231	140,532
2026	45,000	17,711	448,884	36,240	104,009	73,795	-	-	597,893	127,746
2027	50,000	15,920	458,172	26,952	106,639	71,847	-	-	614,811	114,719
2028	50,000	13,930	467,652	17,472	109,336	69,850	-	-	626,988	101,252
2029	55,000	11,940	477,328	7,796	112,101	67,803	-	-	644,429	87,539
2030	60,000	9,751	87,140	2,301	114,936	65,704	-	-	262,076	77,756
2031	60,000	7,363	-	-	117,842	63,552	-	-	177,842	70,915
2032	60,000	4,975	-	-	120,822	61,345	-	-	180,822	66,320
2033	65,000	2,587	-	-	123,878	59,083	-	-	188,878	61,670
2034-2053	-	-	-	-	3,118,172	1,767,622	-	-	3,118,172	1,767,622
	<u>\$ 770,000</u>	<u>\$ 285,963</u>	<u>\$5,219,350</u>	<u>\$ 693,293</u>	<u>\$ 4,772,780</u>	<u>\$ 2,955,548</u>	<u>\$ 6,000</u>	<u>\$ 6</u>	<u>\$10,768,130</u>	<u>\$ 3,934,810</u>

**CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
SANITATION FUND AND POWER SYSTEM
JUNE 30, 2017**

SANITATION FUND

<u>Year</u>	Refuse Truck		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	18,139	1,856	18,139	1,856
2019	18,768	1,227	18,768	1,227
2020	16,627	576	16,627	576
	<u>\$ 53,534</u>	<u>\$ 3,659</u>	<u>\$ 53,534</u>	<u>\$ 3,659</u>

POWER SYSTEM

<u>Year</u>	Series 2012		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	335,000	83,245	335,000	83,245
2019	340,000	78,220	340,000	78,220
2020	345,000	72,695	345,000	72,695
2021	355,000	66,140	355,000	66,140
2022	360,000	58,685	360,000	58,685
2023-2027	1,945,000	158,914	1,945,000	158,914
	<u>\$ 3,680,000</u>	<u>\$ 517,899</u>	<u>\$ 3,680,000</u>	<u>\$ 517,899</u>

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)
JUNE 30, 2017

Type of Coverage		Amounts
Commercial Property	Buildings and Equipment	Various
Auto Liability	Per Occurrence	\$100,000/\$700,000/\$1,000,000
	Per Person	\$300,000
Errors and Omissions Liability	Per Occurrence	\$100,000/\$1,000,000
General Liability	Per Occurrence	\$100,000/\$700,000/\$1,000,000
	Per Person	\$1,000/\$300,000
	Per Accident	\$10,000
Worker's compensation		Statutory

MOUNT PLEASANT POWER SYSTEM
SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)
JUNE 30, 2017

Type of Coverage	Limits of Liability
Property Blanket - Affiliated FM Insurance Co. policy number G0259, June 30, 2017 - June 30, 2018 Real and personal property Substations	4,228,303
Boiler and machinery - Hartford Steam Boiler, policy number FB9429787, June 30, 2017 - June 30, 2018	2,890,000
Commercial auto - Great Northern Insurance Company, policy number (17)7838-94-55, June 30, 2017 - June 30, 2018	1,000,000
Commercial general liability - Distributors Insurance Co., policy number CLG0592016, June 30, 2017 - June 30, 2018 Occurrence Aggregate	250,000 750,000
Commercial excess general liability - Chubb Insurance Co., policy number 79874861, June 30, 2017 - June 30, 2018 Occurrence Aggregate	750,000 2,250,000
Commercial umbrella - Navigators Insurance Co., policy number GA17UMB908230IV, June 30, 2017 - June 30, 2018	2,000,000
Commercial crime - Travelers Insurance Co., policy number 106746082 June 30, 2017 - June 30, 2018	50,000
Workers compensation - Distributors Self Insurance Fund, policy number WC0172017, June 30, 2017 - June 30, 2018	1,000,000
Public officials including employment practices and fiduciary liability - Federal Insurance Company, policy number 82408589, June 30, 2017 - June 30, 2018	1,000,000
Pollution liability - Illinois Union Insurance Company, policy number PPLG24878685008, June 30, 2017 - June 30, 2018 Occurrence Aggregate	750,000 2,750,000
Cyber and privacy protection - Lloyd's of London, policy number ESF07268140, June 30, 2017 - June 30, 2018	1,000,000

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF BONDS - PRINCIPAL OFFICIALS
JUNE 30, 2017

<u>Officials</u>	<u>Title</u>	<u>Bond</u>
Elected Officials:		
James L. Bailey, Jr.	Mayor	100,000
Bill White	Vice Mayor	-
Delores Blankenship	Commissioner	-
Mike Davis	Commissioner	-
Jacqueline Grandberry	Commissioner	-
 <u>Management</u>		
Kate Collier	City Manager	100,000
Loretta Garner, CPA	City Recorder/Finance Director/CMFO	100,000
 <u>Power System</u>		
Derek Church	General Manager	1,000,000
Albert Kersteins	Assistant General Manager & Engineering Manager	1,000,000
James Bates	Key Accounts & Marketing Manager	1,000,000
Dr. Michael Tyler	Chairman	1,000,000
Ferrell White	Vice Chairman	1,000,000
Hendley Edwards	Secretary	1,000,000
Mike Davis	Board Member	1,000,000
Claude Brawner	Board Member	1,000,000

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF UTILITY RATES (UNAUDITED)
JUNE 30, 2017

	Rate
<u>Water Rates: Residential</u>	
Minimum Monthly Charge	
Up to 2,000 gallons	\$15.16
Unit Charge above 2,000 gallons	\$3.04
<u>Sewer Rates: Residential</u>	
Minimum Monthly Charge	
Up to 2,000 gallons	\$50.00
Unit Charge above 2,000 gallons	\$5.89
<u>Natural Gas Rates: Residential</u>	
Per 1,000 MCF's	Varies monthly based on cost of natural gas
Approximate number of water customers:	2,527
Approximate number of sewer customers:	1,356
Approximate number of natural gas customers:	1,430

MOUNT PLEASANT POWER SYSTEM
SCHEDULE OF UTILITY RATES (UNAUDITED)
JUNE 30, 2017

Rates effective June 30, 2017

Residential		
Customer charge	\$	20.45
Energy charge all kWh		0.10666
Commercial		
Schedule GSA		
Part I		
Customer charge		27.00
Energy charge per kWh		0.11404
Customer charge > 500 kWh		30.00
Energy charge per kWh		0.11404
Part II		
Customer charge		140.00
First 15,000 kWh per kWh		0.11365
Additional kWh per kWh		0.0678
Demand:		
First 50 kW per kWh		no charge
Additional kW		15.54
Part III		
Customer charge		500.00
Energy charge per kWh		0.07073
Demand:		
First 1,000 kW per kWh		15.33
Additional kW		14.58
Schedule GSB		
Customer charge, including admin charge		1850
Energy charge		
OnPeak per kWh		0.09252
OffPeak per kWh- first 200 HUD		0.06873
OffPeak per kWh - next 200 HUD		0.02453
OffPeak per kWh - additional HUD		0.02127
Demand charge per kW		
OnPeak kW		10.36
Max kW		6.00
OffPeak excess of contract kW		10.36
Schedule GSC		
Customer charge, including admin charge		1850
Energy charge		
OnPeak per kWh		0.09252
OffPeak per kWh- first 200 HUD		0.06873
OffPeak per kWh - next 200 HUD		0.02453
OffPeak per kWh - additional HUD		0.02127
Demand charge per kW		
OnPeak kW		10.36
Max kW		4.49
OffPeak excess of contract kW		10.36

CITY OF MOUNT PLEASANT, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
FOR THE YEAR ENDED JUNE 30, 2017

Program Name	CFDA Number	Contract/Grant Number	Receivable Balance July 1, 2016	Qualified Receipts	Qualified Expenditures	Receivable June 30, 2017
FEDERAL:						
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Community Development Block	14.228	GG12-38203-00	-	205,041	284,080	79,039
U.S. DEPARTMENT OF TRANSPORTATION						
Highway Safety Grant	20.205	HSIP-166(12)	-	2,823	2,823	-
U.S. DEPARTMENT OF FINANCE AND ADMINISTRATION						
Office of Criminal Justice Programs-Justice Assistance Grant	16.738	2015-MU-BX-0442	-	922	14,799	13,877
U.S. DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT ASSISTANCE						
Community Development Block	97.044	EMW-2015-fo-00502	-	81,429	81,429	-
U.S. DEPARTMENT OF TRANSPORTATION						
Police Department - Alcohol Open Container	20.607	Z16GHS252	-	4,978	4,978	-
TOTAL FEDERAL AWARDS			-	295,193	388,109	92,916

Basis of presentaion

This schedule of expenditures of federal awards includes the federal grant activity of City of Mount Pleasant, Tennessee and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements.



AWWA Free Water Audit Software: System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.
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Water Audit Report for:	City of Mount Pleasant (0000488)	
Reporting Year:	2016	7/2016 - 6/2017

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 67 out of 100 ***

System Attributes:

Apparent Losses:	13.044	MG/Yr	
+ Real Losses:	213.146	MG/Yr	
= Water Losses:	226.191	MG/Yr	
? Unavoidable Annual Real Losses (UARL):	29.21	MG/Yr	

Annual cost of Apparent Losses:

Annual cost of Real Losses:

Valued at **Variable Production Cost**
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	52.4%	
	}	Non-revenue water as percent by cost of operating system:		Real Losses valued at Variable Production Cost

Operational Efficiency:	{	Apparent Losses per service connection per day:	12.10	gallons/connection/day	
	}	Real Losses per service connection per day:	197.69	gallons/connection/day	
	}	Real Losses per length of main per day*:	N/A		
	}	Real Losses per service connection per day per psi pressure:	2.33	gallons/connection/day/psi	

From Above, Real Losses = Current Annual Real Losses (CARL): 213.15 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 7.30

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

COMPLIANCE AND INTERNAL CONTROL



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

**INDEPENDENT AUDITOR'S 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***

Mayor and City Commissioners
City of Mount Pleasant, Tennessee

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 City of Mount Pleasant, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Mount Pleasant, Tennessee's basic financial statements and have issued our report thereon dated December 9, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mount Pleasant, Tennessee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mount Pleasant, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mount Pleasant, Tennessee'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 a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mount Pleasant, Tennessee'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*.

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

Bellenfant, PLLC

December 9, 2017

CITY OF MOUNT PLEASANT, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not
considered to be material weaknesses?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

CITY OF MOUNT PLEASANT, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS

JUNE 30, 2017

- 1) The audit finding regarding grant receivables from the year ended June 30, 2016 has been resolved.
- 2) The audit finding regarding regarding fixed assets from the year ended June 30, 2016 has been resolved.