

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2017

City of Mount Pleasant, Texas

City Manager
Mike Ahrens



**CITY OF MOUNT PLEASANT, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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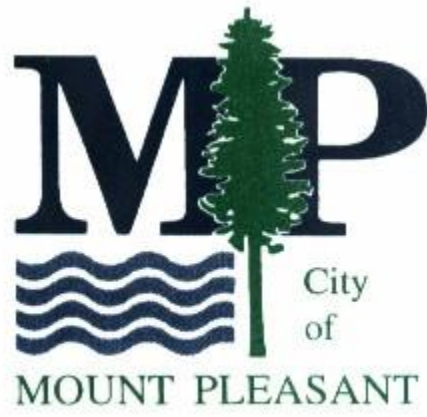
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INTRODUCTORY SECTION





501 N. Madison
Mount Pleasant, Texas 75455

March 19, 2018

Honorable Mayor and City Council
City of Mount Pleasant
Mount Pleasant, Texas

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report ("CAFR") of the City of Mount Pleasant, Texas, for the year ended September 30, 2017, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Conway Company CPAs, P.C. have issued an unqualified ("clean") opinion on the City of Mount Pleasant's financial statements for the year ended September 30, 2017. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to compliment Management's Discussion and Analysis ("MD&A") and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

GENERAL INFORMATION – CITY OF MOUNT PLEASANT

The City of Mount Pleasant is the seat of Titus County, which is located in the northeast corner of Texas. The City was incorporated on September 17, 1900, under the provisions of H.B. 901 of the Texas Legislature.

The City Council is comprised of a Mayor and five council members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various

statutory and advisory boards, the City Manager, City Attorney, and a Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors, and heads of departments, and the performance of functions within the municipal organization.

ECONOMIC CONDITIONS AND OUTLOOK

Mount Pleasant is the largest municipality in the County and serves as the regional economic center for a three county area. Major industries in the area include farming, poultry farming and processing, livestock, oil, lignite and manufacturing. According to the 2010 census, the City's population is 15,564.

The economy is once again in a growth mode as the area recovers from the recession. Sales tax receipts are showing significant improvement in the local economy and are at an all-time high. The City expects continued growth as the economy continues to strengthen.

Given Mount Pleasant's pro-business attitude, the City continues to prosper economically. Highlights include:

MAJOR INITIATIVES

The following are the activities and accomplishments of the City over the past year:

- Six new firefighter positions were added, mostly funded by a revision to the fire protection service contract with Titus County.
- Work was started on the nearly \$1 million Southside Wastewater Interceptor line.
- A new administrative position was funded in the Animal Services Department, funded by renegotiated contracts with Titus County and the City of Pittsburg and a new animal control contract with the City of Gilmer.
- The City purchased a new brush truck and fire chief vehicle for the Fire Department.
- NW12 – Phase II was completed.

FINANCIAL INFORMATION

Accounting Procedures and Budgetary Controls

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's financial management staff, and expenditure estimates by each City department. Budgets are reviewed by the Director of Finance. The City Manager makes final decisions and submits a recommended budget to the City Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the Director of Finance, the City Manager, and the City Council concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

General Governmental Functions

Tax Rates All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The tax rates adopted by the City Council are shown below:

<u>Tax Rate</u>	
2012-2013	\$0.3165
2013-2014	\$0.3433
2014-2015	\$0.3437
2015-2016	\$0.3437
2016-2017	\$0.3437

OTHER INFORMATION

Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and members of the City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,

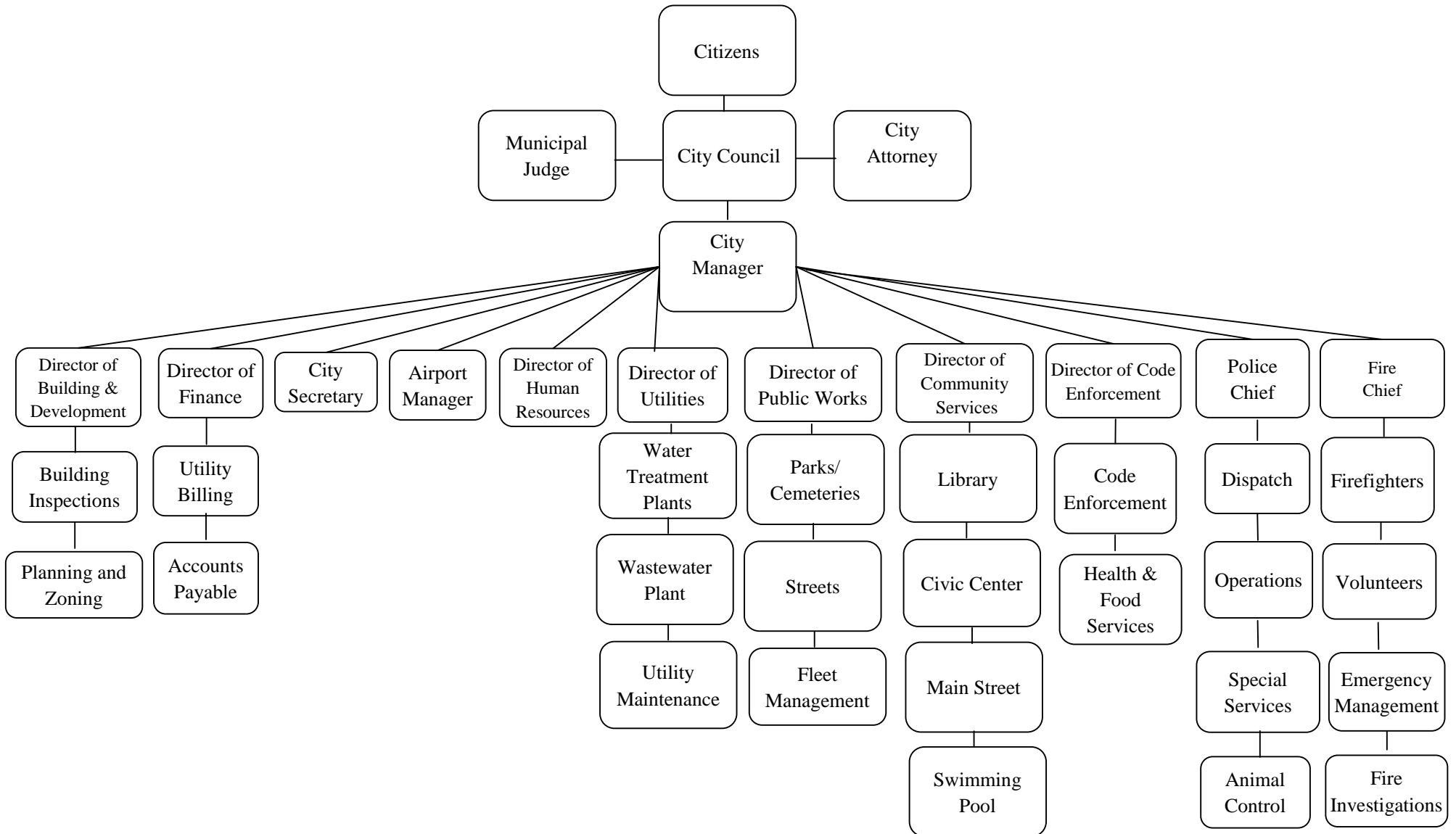


Mike Ahrens
CITY MANAGER



Scott Walters
DIRECTOR OF FINANCE

ORGANIZATION CHART



**CITY OF MOUNT PLEASANT, TEXAS
ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

City Council

**Dr. Paul O. Meriwether, Mayor
Robert Nance, Mayor Pro-Tem
Danny Muskrat, Council Member, Place 2
Michael McGahee, Council Member, Place 3
Tim Dale, Council Member, Place 4
Brian Heavner, Council Member, Place 5**

Administrative Staff

**Mike Ahrens, City Manager
Darleen Durant, City Secretary
Scott Walters, Director of Finance**



FINANCIAL SECTION





Michael Conway, CPA
Neil Conway, CPA

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CONWAY COMPANY CPAs PC
ACCOUNTANTS & ADVISORS

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Greenville, Texas 75404-8234

Member
American Institute of CPAs
Texas Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Mount Pleasant
501 North Madison Street
Mount Pleasant, Texas 75002

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Texas ("City") as of and for the year ended September 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error.

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.

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603 South Goliad Street
Rockwall, Texas 75087
Office (972) 771-1065
Fax (972) 771-1022

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Texas, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and 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 (pages 7 - 17), the TMRS Funding Progress and Contributions, Schedule of Changes in Net Pension Liability, and Other Post-Employment Benefits Plan (pages 62 - 64) 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mount Pleasant, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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*

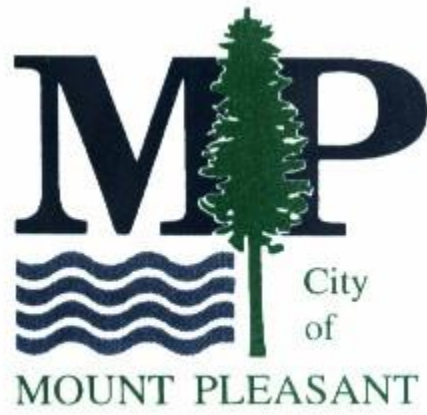
In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2018, on our consideration of the City of Mount Pleasant, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, Texas' internal control over financial reporting and compliance.

Respectfully Submitted,

CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

March 26, 2018



CITY OF MOUNT PLEASANT, TEXAS

MANAGEMENT DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2017

As management of the City of Mount Pleasant ("City"), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative:

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$63,863,290 (net position). Of this amount, \$4,609,877, or 7%, is restricted for certain purposes. The remaining balance (unrestricted net position) of (\$662,590), or (1%), is not available to be used to meet the City's ongoing obligations to its citizens and creditors in accordance with fund designation and fiscal practices.
- The City's total net position decreased by (\$971,340). This is due to the increase in general government and public safety expenses.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$6,616,181, a decrease of (\$1,870,331), or 22%, in comparison with the prior year. \$1,631,675, or 25% is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund of \$1,763,186 was 17% of total General Fund expenditures for the fiscal year.
- The City's total long-term obligations decreased by (\$1,610,896) during the current fiscal year.

Overview of the Financial Statements

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

**CITY OF MOUNT PLEASANT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2017**

Basic Financial Statements

The first two statements (pages 21-23) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 24-31) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements and 2) the proprietary fund statements.

The next section of the basic financial statements is the **notes** (pages 32-58). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (pages 63-65) is provided to show details about the City's pension plan and post-employment benefits.

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. 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 expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave, if material value). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, airport, and civic center activity are reported as business-type activities. The final category is the component unit. The City includes one separate legal entity in its report – the Mount Pleasant Industrial Development Corporation. Although legally separate, this "component unit" is important because the City is financially accountable for them.

The government-wide financial statements are on pages 21-23 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The

**CITY OF MOUNT PLEASANT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2017**

City of Mount Pleasant, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 assessing the City'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 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 governmental 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 of Mount Pleasant adopts an annual budget for its General Fund and Debt Service Fund, as required by the General Statutes. The budgets are a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund and Debt Service Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) original budget; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances; and 4) the difference or variance between the final budget and the actual resources and charges. The Governmental Fund financial statements can be found on pages 24-27 of this report. The General Fund Budgetary Comparison Schedule can be found on page 28.

Proprietary Funds – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, such as cash flows.

The City of Mount Pleasant maintains three individual proprietary funds: the Utility Fund, the Airport Fund, and the Civic Center Fund.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 32 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits, net pension liability and post-employment benefits to its employees. This information is on pages 63-65 of this report.

**CITY OF MOUNT PLEASANT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2017**

Other Information

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information. Combining statements and individual fund statements can be found on pages 67–69 in this report. Budgetary comparison schedules for the Debt Service Fund and Street Fund can be found on pages 71–72 in this report.

New Pronouncements – The following statements for Governmental Accounting Standards Board (“GASB”) were effective for the City in the fiscal year ending September 30, 2017:

GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans other than Pension Plans”, that replaces Statement No. 43. It addresses the financial reports of defined benefit OPEB plans that are administered through trust that meet specified criteria. The implementation of this Statement does not result in any changes to the City’s financial statements.

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions”, that replaces Statement No. 45. It requires government to report a liability of the face of the financial statements for the OPEB that they provide. The implementation of this Statement does not result in any changes to the City’s financial statements.

GASB Statement No. 77, “Tax Abatement Disclosures” is to assist in assessing whether a government’s current-year revenues were sufficient to pay for current-year services, whether a government complied with finance-related legal and contractual obligations, where a government’s financial resources come from and how it uses them, and a government’s financial position and economic condition and how they have change over time. The implementation of this Statement does not result in any changes to the City’s financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 82, “Pension Issues”, addresses certain issues that have been raised with respect to Statement No. 67 and 73. Specifically, this statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, deviation from the guidance of the Actuarial Standards Board, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City is in the process of evaluating the potential changes to the financial statements as a result of the implementation of this statement in fiscal year ending September 30, 2018.

GASB Statement No. 85, “Omnibus 2017”, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair values measurements and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The City is in the process of evaluating the potential changes to the financial statements as a result of the implementation of this statement in fiscal year ending September 30, 2018.

GASB Statement No. 87, “Leases”, require recognition of certain lease assets and liabilities for leases that previously were classified as operation leases and recognized and inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting bases on the foundational principle that leases are financings of the right to use an underlying asset. The City is in the process of evaluating the potential changes to the financial statements as a result of the implementation of this statement in fiscal year ending September 30, 2018.

**CITY OF MT PLEASANT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2017**

	NET POSITION					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 7,798,640	\$ 9,352,612	\$ 5,770,218	\$ 5,927,343	\$ 13,568,858	\$ 15,279,955
Capital assets	28,798,742	27,315,386	64,829,557	66,286,366	93,628,299	93,601,752
Total assets	36,597,382	36,667,998	70,599,775	72,213,709	107,197,157	108,881,707
Deferred outflow - pension	1,606,145	3,256,874	520,912	1,244,190	2,127,057	4,501,064
Long-term liabilities	16,562,713	16,761,459	26,975,013	28,374,920	43,537,726	45,136,379
Other liabilities	1,091,057	737,548	612,913	435,734	1,703,970	1,173,282
Total liabilities	17,653,770	17,499,007	27,587,926	28,810,654	45,241,696	46,309,661
Deferred inflow - pension	165,539	206,980	53,689	81,038	219,228	288,018
Net position:						
Investment in capital assets	19,752,903	19,049,789	40,163,100	42,429,776	59,916,003	61,479,565
Restricted	2,770,138	1,501,525	1,839,739	1,655,002	4,609,877	3,156,527
Unrestricted	(2,138,823)	1,667,571	1,476,233	481,429	(662,590)	2,149,000
Total net position	<u>\$ 20,384,218</u>	<u>\$ 22,218,885</u>	<u>\$ 43,479,072</u>	<u>\$ 44,566,207</u>	<u>\$ 63,863,290</u>	<u>\$ 66,785,092</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net assets of the City exceeded liabilities by \$63,863,290 as of September 30, 2017. The City's net position decreased by (\$971,340), excluding prior period adjustments, for the fiscal year ended September 30, 2017.

Net invested in capital assets:

The largest portion, \$59,916,003, or 94%, reflects the City's investment in capital assets (i.e., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Restricted net position:

The restricted net position of \$4,609,877, or 7%, of total net position represents resources that are subject to external restrictions on their use or by enabling legislation or outside third parties. Restricted net position is comprised of state/federal and contractually imposed restrictions which are: \$2,655,222, or 57.6%, for debt service requirements, capital improvements of \$1,323,999, or 28.7%, use by public safety, \$2,423, or 0.05%, library use of \$1,267, or 0.03%; court use of \$174,149, or 3.8%, community development of \$208,650, or 4.5%; restricted for use for the cemetery of \$21,379, or 0.5%, and business development of \$222,788, or 4.8%.

Unrestricted net position:

Unrestricted net position of (\$662,590), or (1%), is available to fund City programs to citizens and debt to creditors. The significant decrease in unrestricted net position is due, in part, to the City's portion of the street improvements for the State's loop project in governmental activities.

**CITY OF MT PLEASANT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2017**

CHANGES IN NET POSITION

	Governmental Activities		Business Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 1,668,572	\$ 1,244,005	\$ 11,283,774	\$ 10,763,007	\$ 12,952,346	\$ 12,007,012
Operating grants and contributions	757,224	691,059	7,506	27,612	764,730	718,671
Capital grants and contributions	-	-	-	-	-	-
General Revenues:						
Property taxes	3,058,493	3,074,506	-	-	3,058,493	3,074,506
Sales taxes	4,386,891	4,302,977	-	-	4,386,891	4,302,977
Franchise taxes	1,164,889	1,179,533	-	-	1,164,889	1,179,533
Other taxes	564,708	583,520	-	-	564,708	583,520
Investment income	80,535	34,226	41,094	22,617	121,629	56,843
Royalties	536,862	376,883	-	-	536,862	376,883
Miscellaneous	114,768	572,289	291,889	56,380	406,657	628,669
Total revenues	<u>12,332,942</u>	<u>12,058,998</u>	<u>11,624,263</u>	<u>10,869,616</u>	<u>23,957,205</u>	<u>22,928,614</u>
Expenses:						
General government	2,327,564	2,008,181	-	-	2,327,564	2,008,181
Public safety	7,159,767	6,540,258	-	-	7,159,767	6,540,258
Library	668,071	611,154	-	-	668,071	611,154
Public services and operations	704,173	621,795	-	-	704,173	621,795
Parks and recreation	701,994	690,461	-	-	701,994	690,461
Public works	1,762,260	1,826,322	-	-	1,762,260	1,826,322
Interest on long-term debt	278,863	259,199	-	-	278,863	259,199
Utility	-	-	9,534,141	9,057,408	9,534,141	9,057,408
Airport	-	-	1,284,235	1,275,439	1,284,235	1,275,439
Civic center	-	-	507,477	524,076	507,477	524,076
Total expenses	<u>13,602,692</u>	<u>12,557,370</u>	<u>11,325,853</u>	<u>10,856,923</u>	<u>24,928,545</u>	<u>23,414,293</u>
Change in net position before transfers	(1,269,750)	(498,372)	298,410	12,693	(971,340)	(485,679)
Transfers	848,173	756,116	(848,173)	(756,116)	-	-
Change in net position	(421,577)	257,744	(549,763)	(743,423)	(971,340)	(485,679)
Net position - beginning of year	22,218,885	21,961,141	44,566,207	45,309,630	66,785,092	67,270,771
Prior period adjustments	(1,413,090)	-	(537,372)	-	(1,950,462)	-
Net position - end of year	<u>\$ 20,384,218</u>	<u>\$ 22,218,885</u>	<u>\$ 43,479,072</u>	<u>\$ 44,566,207</u>	<u>\$ 63,863,290</u>	<u>\$ 66,785,092</u>

Governmental activities decreased net position by (\$421,577). This is due in large part to the increase in general government and public safety expenditures.

Business-type activities decreased net position by (\$549,763). This is due to expenditures in the Airport Fund exceeding revenues for the year.

**CITY OF MOUNT PLEASANT, TEXAS
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2017**

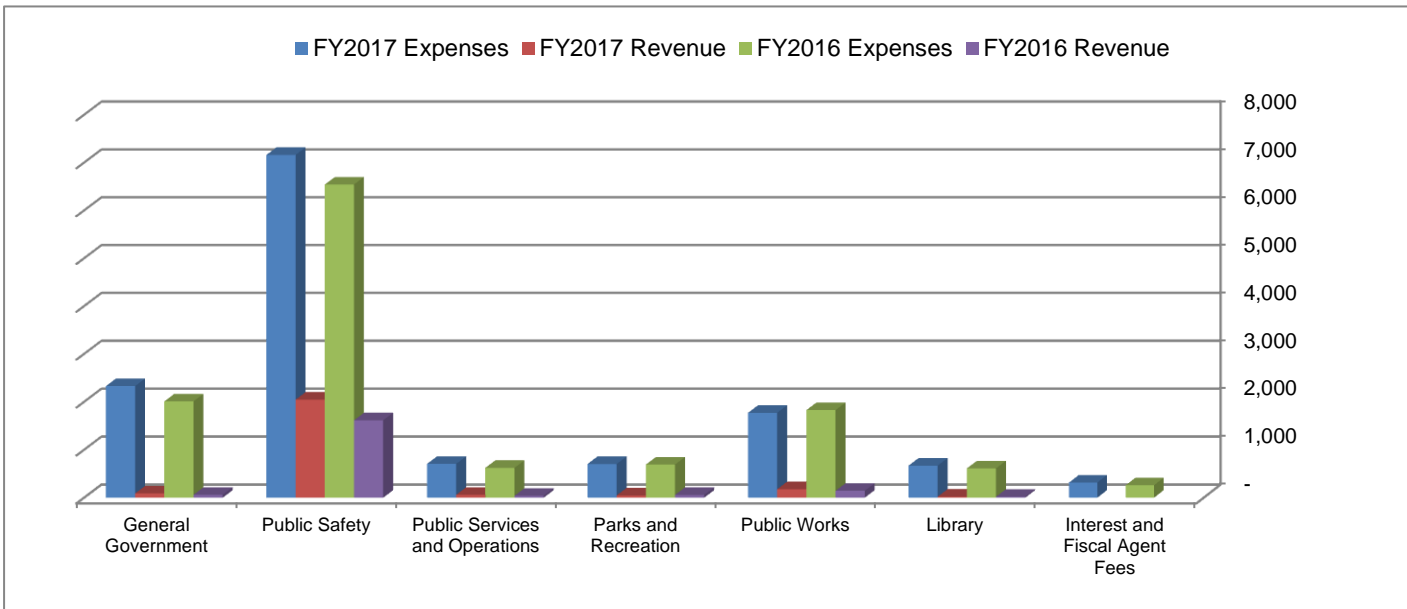
Governmental-type activities - Governmental-type activities decreased the City's net position by \$421,577. A key elements of this decrease is as follows:

Increase in general government expenditures of \$319,383 or 16% over prior year.

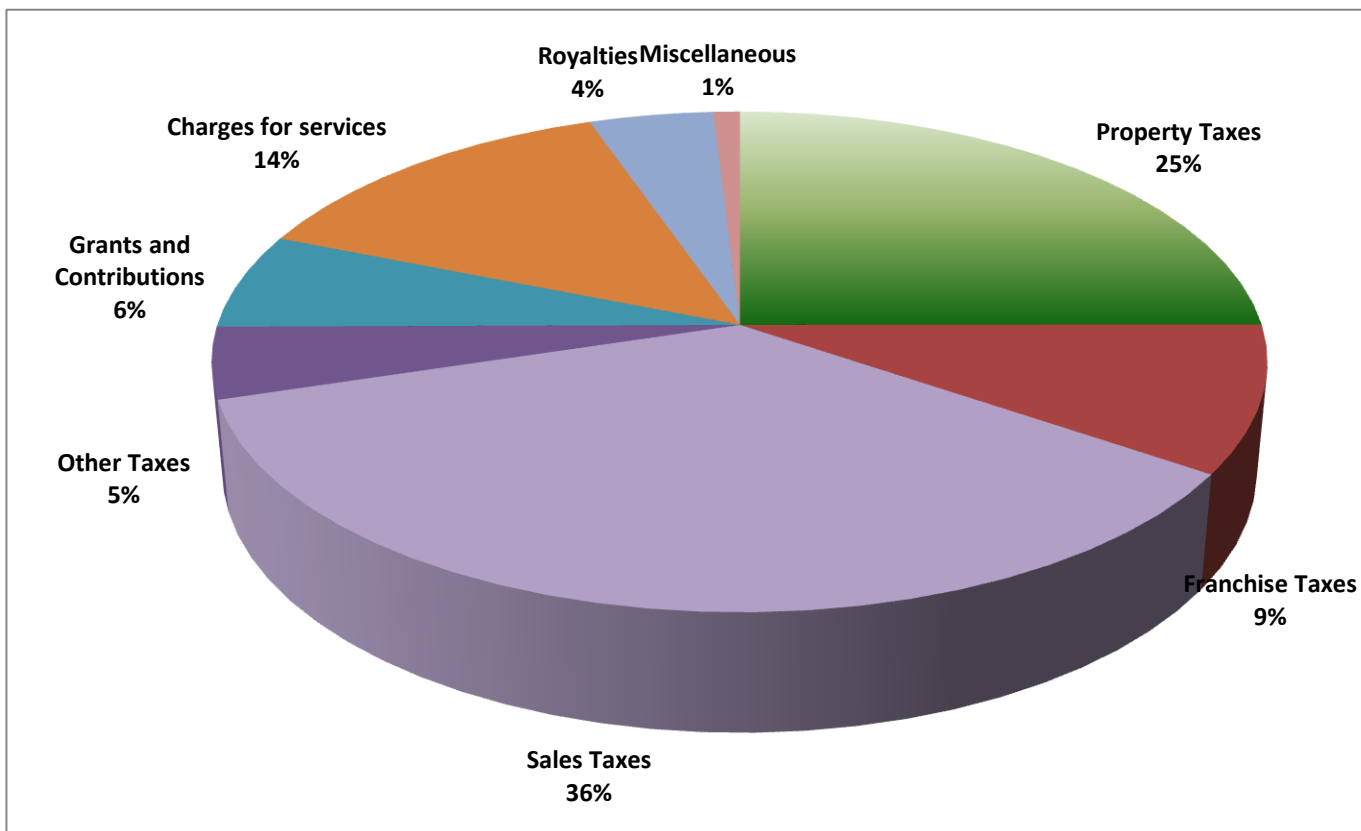
Increase in public safety expenditures of \$619,509 or 9% over prior year.

Expenses and Program Revenues - Governmental Activities

(amounts expressed in thousands)



Revenues by Source - Governmental Activities



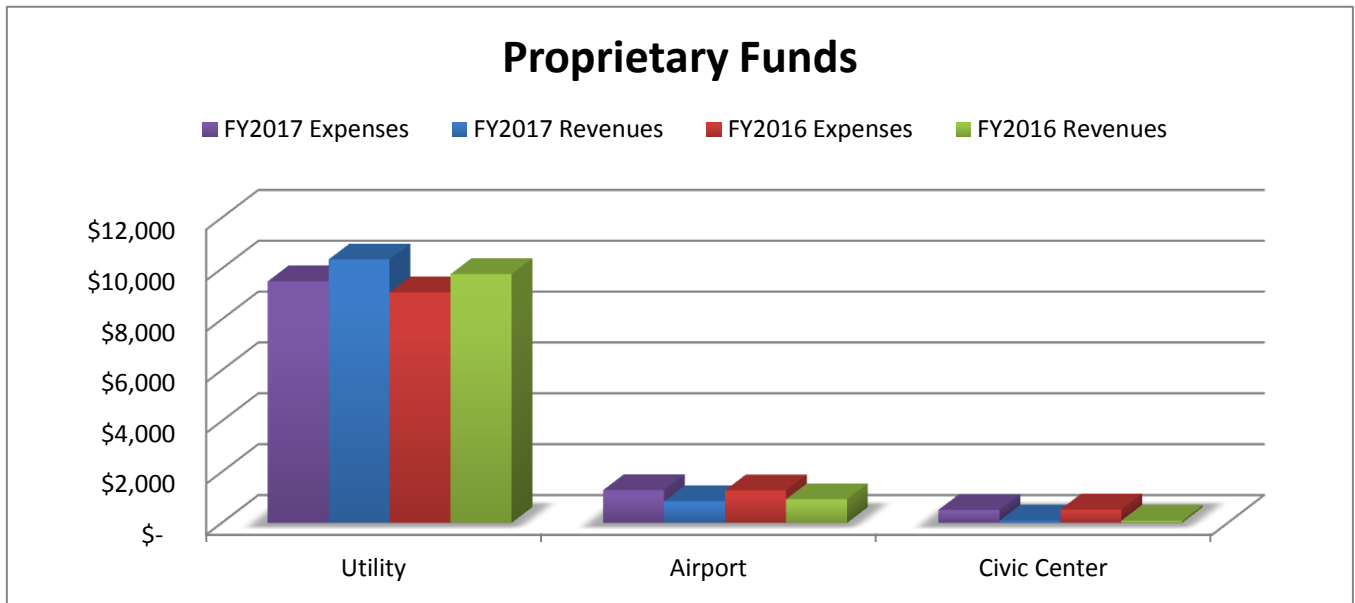
**CITY OF MOUNT PLEASANT, TEXAS
 MANAGEMENT DISCUSSION AND ANALYSIS (continued)
 SEPTEMBER 30, 2017**

Business-type Activities - Business-type activities decreased the City's net position by (\$549,763). A key for this decrease is as follows:

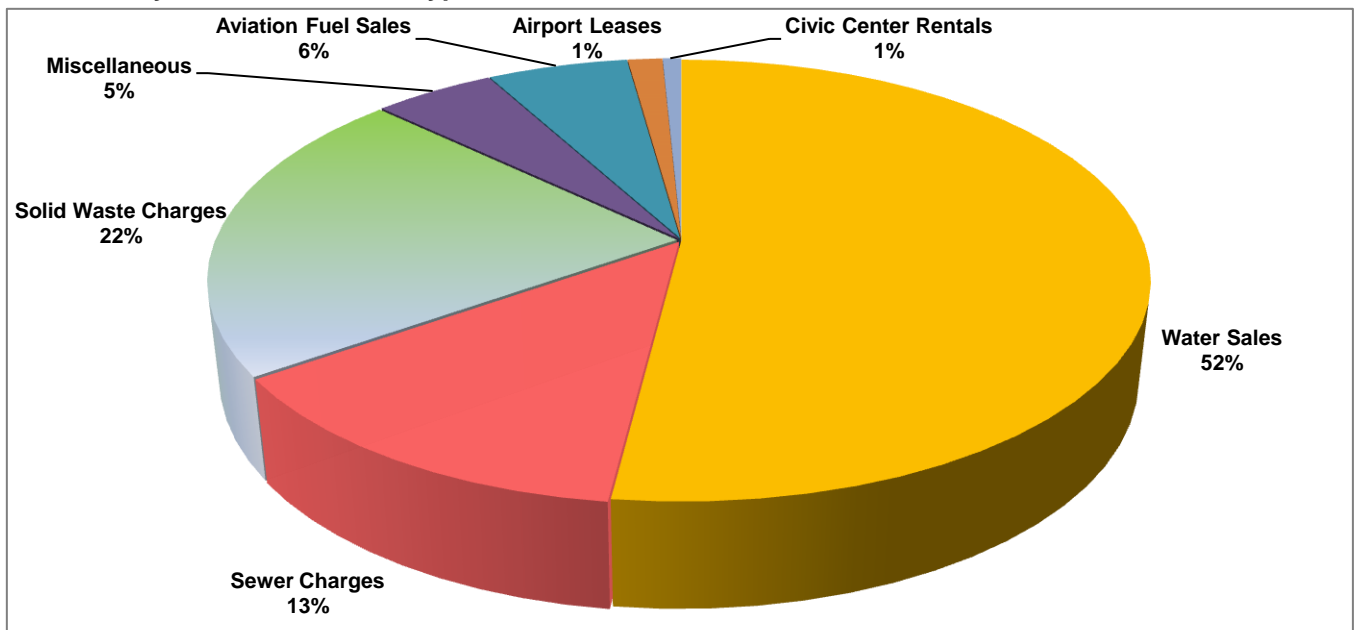
Total expenses for the Airport Fund exceeding revenue by (\$426,073) in the current fiscal year.
 Total expenses for the Civic Center Fund exceeding revenue by (\$74,628) in the current fiscal year.

Expenditures and Program Revenues - Business-type Activities

(amounts expressed in thousands)



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance serves as a useful measure of the City's resources available for spending at the end of the fiscal year.

At September 30, 2017, the City's governmental funds reported total fund balances of \$6,616,181, a 22% decrease in comparison with the prior year's total ending fund balances. The components of total fund balance are as follows:

- Nonspendable fund balance of \$9,117, or 0.1%, of total fund balance consists of amounts that are not spendable in form and are contractually required to be maintained intact. These are prepaid expenses for worker's compensation insurance.
- Restricted fund balances of \$1,492,807, or 22.6%, of total fund balance consists of amounts restricted by external laws or contractual obligations. These are as follows:
 - \$174,149, or 11.7%, for court use;
 - \$815,483, or 54.5%, for debt service requirements;
 - \$134,938, or 9.%, for community development;
 - \$22,835, or 1.5%, for cemetery;
 - \$120,975, or 8.1%, for tourism;
 - \$224,427, or 15.%, for business development, and;
- Committed fund balance of \$23,816, or 0.4%, of total fund balance is for public safety. This was approved by the City Council to recover costs for expenditures incurred by the volunteer fire department attending to the scene of an accident.
- Assigned fund balance of \$3,458,766, or 52.3%, of total fund balance consists of the following:
 - \$2,843,853, or 82.1%, is for capital projects;
 - \$367,113, or 10.6%, is for community development;
 - \$10,437, or .4%, is for public safety;
 - \$230,657, or 6.7%, is for park improvements, and;
 - \$6,706, or 0.2%, is for the library.
- Unassigned fund balance of \$1,631,675, or 25%, of total fund balance, represents residual available fund balances that have not been restricted, committed or assigned by management, City Council, or otherwise.

General Fund - The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,763,186, compared to \$2,048,570 at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17% of total General Fund expenditures.

Street Fund - The Street fund is established for the maintenance of and improvements to the City's streets and gutters. At the end of the current fiscal year, the total fund balance decreased (38%), or (\$1,409,150), to \$2,294,487, primarily as a result of higher maintenance and improvements during the current year.

Other Governmental Funds - As compared with the prior year, the total fund balances of the remaining governmental funds decreased (13%), or (\$237,089), to \$1,535,943 primarily as a result of higher public safety expenditures.

Proprietary Funds

The City's proprietary fund statements provide essentially the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$1,476,233, a 207% increase from the prior year. This is due to the reductions in long term debt.

**CITY OF MT PLEASANT
MANAGEMENT DISCUSSION AND ANALYSIS (continued)
SEPTEMBER 30, 2017**

Capital Assets and Debt Administration

Capital assets - The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, totals \$93,628,299 (net of accumulated depreciation). These assets include land, buildings, improvements, infrastructure, machinery & equipment, vehicles and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Street improvements made to CR1312 and other street projects
- Completion of the Belt Press project
- Completion of the Priefert Lift Station
- Completion of the sewer extension for Tennison Road

**Capital Assets
(net of accumulated depreciation)
September 30, 2017**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,575,678	\$ 1,436,233	\$ 8,779,228	\$ 8,779,228	\$ 10,354,906	\$ 10,215,461
Construction in Progress	1,633,195	289,902	253,925	492,354	1,887,120	782,256
Machinery & Equipment	1,609,295	1,714,552	2,660,496	2,055,279	4,269,791	3,769,831
Buildings & Improvements	9,050,820	9,111,687	35,288,308	36,798,745	44,339,128	45,910,432
Infrastructure	14,929,754	14,763,012	17,847,600	18,160,760	32,777,354	32,923,772
Total	<u>\$ 28,798,742</u>	<u>\$ 27,315,386</u>	<u>\$ 64,829,557</u>	<u>\$ 66,286,366</u>	<u>\$ 93,628,299</u>	<u>\$ 93,601,752</u>

More detailed information about the City's capital assets is presented in Note E to the financial statements.

Long-term Debt - As of September 30, 2017, the City had \$42,797,610 in long-term obligations. This represents a decrease of (\$1,610,896) in comparison with the prior year.

**Outstanding Debt
General Obligation Bonds, Revenue Bonds and Certificates of Obligation
September 30, 2017**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenue Bonds	\$ -	\$ -	\$ 24,645,859	\$ 25,913,032	\$ 24,645,859	\$ 25,913,032
Certificates of Obligation	9,509,588	9,986,344	-	-	9,509,588	9,986,344
Capital Lease	35,260	11,642	35,260	11,642	70,520	23,284
OPEB Obligation	1,649,622	1,649,622	618,936	619,531	2,268,558	2,269,153
Net Pension Liability	4,759,472	4,521,268	1,543,613	1,695,425	6,303,085	6,216,693
Total	<u>\$ 15,953,942</u>	<u>\$ 16,168,876</u>	<u>\$ 26,843,668</u>	<u>\$ 28,239,630</u>	<u>\$ 42,797,610</u>	<u>\$ 44,408,506</u>

More detailed information about the City's long-term obligations is presented in Note F to the financial statements.

Budgetary Highlights

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

General Fund revenues collected were significantly more than budget projections. General Fund expenditures were 3% more than budgeted.

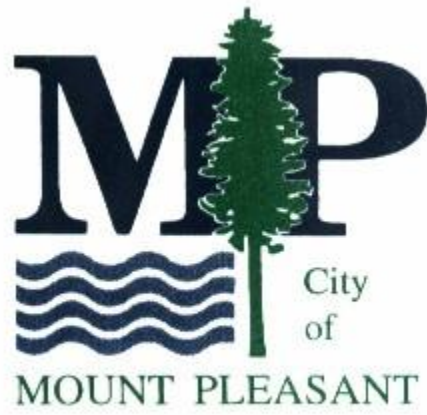
Economic Factors and Next Year's Budgets and Rates

The following known factors were considered in preparing the City's operating budget for FY 2017-2018:

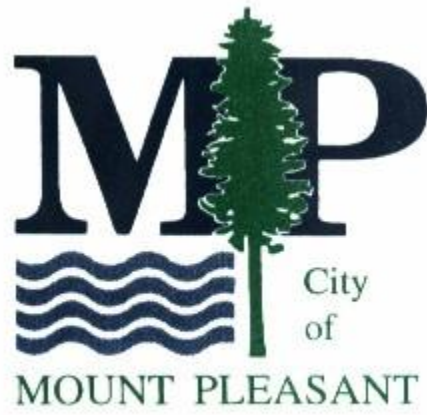
- The budget for all funds totals \$31,219,039.
- The adopted property tax rate for FY2017-2018 remains at \$0.3437 per \$100 valuation.
- Property tax, sales tax, and franchise tax collections increased \$82,205, or 3%, over the previous year. There have been no proposed increases for water/wastewater fees.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in the government's finances. Questions concerning the information found in this report or requests for additional financial information should be directed to the Director of Finance, 501 N. Madison, Mount Pleasant, Texas 75455-3650.



BASIC FINANCIAL STATEMENTS



**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		
ASSETS				
Cash and cash equivalents	\$ 5,326,153	\$ 3,449,992	\$ 8,776,145	\$ 3,251,321
Receivables, net of allowance for uncollectibles	979,222	442,056	1,421,278	240,327
Prepaid expense	9,117	-	9,117	-
Restricted assets:				
Cash and cash equivalents	1,484,148	1,878,170	3,362,318	-
Capital assets not being depreciated				
Land	1,575,678	8,779,228	10,354,906	1,628,156
Construction in progress	1,633,195	253,925	1,887,120	-
Capital assets, net of accumulated depreciation:				
Machinery and equipment	1,609,295	2,660,496	4,269,791	-
Buildings and improvements	9,050,820	35,288,308	44,339,128	1,907,947
Infrastructure	14,929,754	17,847,600	32,777,354	2,499,327
Total Assets	36,597,382	70,599,775	107,197,157	9,527,078
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources-pension	1,606,145	520,912	2,127,057	43,409
LIABILITIES				
Accounts payable	772,570	392,752	1,165,322	10,701
Accrued liabilities	76,159	25,245	101,404	1,784
Accrued interest payable	111,837	14,824	126,661	-
Customer deposits	-	165,210	165,210	-
Other liabilities	130,491	14,882	145,373	-
Non-current liabilities:				
Due within one year:				
Compensated absences	37,266	17,646	54,912	-
Capital lease payable	12,363	12,363	24,726	-
Notes payable	-	-	-	237,438
Bonds payable	-	1,320,000	1,320,000	-
Certificates of obligation	490,000	-	490,000	-
Due in more than one year:				
Net OPEB obligation	1,649,622	618,936	2,268,558	51,780
Net pension liability	4,759,472	1,543,613	6,303,085	128,634
Compensated absences	571,505	113,699	685,204	22,243
Capital lease payable	22,897	22,897	45,794	-
Notes payable	-	-	-	1,955,214
Bonds payable	-	23,325,859	23,325,859	-
Certificates of obligation	9,019,588	-	9,019,588	-
Total Liabilities	17,653,770	27,587,926	45,241,696	2,407,794
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources-pension	165,539	53,689	219,228	4,474
NET POSITION				
Net investment in capital assets	19,752,903	40,163,100	59,916,003	3,842,778
Restricted for:				
Debt service	815,483	1,839,739	2,655,222	-
Capital improvements	1,323,999	-	1,323,999	-
Public safety	2,423	-	2,423	-
Library	1,267	-	1,267	-
Court Use	174,149	-	174,149	-
Hotel/Motel	-	-	-	-
PEG fees	208,650	-	208,650	-
Cemetery	21,379	-	21,379	-
Development	222,788	-	222,788	-
Unrestricted	(2,138,823)	1,476,233	(662,590)	3,315,441
Total Net Position	\$ 20,384,218	\$ 43,479,072	\$ 63,863,290	\$ 7,158,219

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 2,327,564	\$ 26,992	\$ 61,892	\$ -
Public Safety	7,159,767	1,369,290	675,976	-
Library	668,071	4,620	17,015	-
Public services and operations	704,173	42,754	2,341	-
Parks and recreation	701,994	47,675	-	-
Public works	1,762,260	177,241	-	-
Interest on long-term debt	278,863	-	-	-
Total governmental activities	13,602,692	1,668,572	757,224	-
Business-type Activities:				
Utility	9,534,141	10,353,769	-	-
Airport	1,284,235	840,575	7,506	-
Civic center	507,477	89,430	-	-
Total business-type activities	11,325,853	11,283,774	7,506	-
Total primary government	24,928,545	12,952,346	764,730	-
Component Unit				
Industrial Development Corporation	886,001	-	-	-
Total component unit	\$ 886,001	\$ -	\$ -	\$ -

General revenues:

Property taxes
Sales taxes
Hotel/Motel taxes
Franchise taxes
Beverage taxes
Investment income
Royalties
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Prior period adjustment
Net position - ending

The notes to the financial statements are an integral part of this financial statement.

**Net (Expense) Revenue
and Changes in Net Position**

Primary Government			
Governmental Activities	Business Activities	Total	Component Unit
\$ (2,238,680)	\$ -	\$ (2,238,680)	\$ -
(5,114,501)	-	(5,114,501)	-
(646,436)	-	(646,436)	-
(659,078)	-	(659,078)	-
(654,319)	-	(654,319)	-
(1,585,019)	-	(1,585,019)	-
(278,863)	-	(278,863)	-
<u>(11,176,896)</u>	<u>-</u>	<u>(11,176,896)</u>	<u>-</u>
-	819,628	819,628	-
-	(436,154)	(436,154)	-
-	(418,047)	(418,047)	-
-	<u>(34,573)</u>	<u>(34,573)</u>	<u>-</u>
<u>(11,176,896)</u>	<u>(34,573)</u>	<u>(11,211,469)</u>	<u>-</u>
-	-	-	(886,001)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (886,001)</u>
\$ 3,058,493	\$ -	\$ 3,058,493	\$ -
4,386,891	-	4,386,891	1,462,297
531,261	-	531,261	-
1,164,889	-	1,164,889	-
33,447	-	33,447	-
80,535	41,094	121,629	21,100
536,862	-	536,862	-
114,768	291,889	406,657	-
848,173	(848,173)	-	-
<u>10,755,319</u>	<u>(515,190)</u>	<u>10,240,129</u>	<u>1,483,397</u>
(421,577)	(549,763)	(971,340)	597,396
22,218,885	44,566,207	66,785,092	6,600,628
(1,413,090)	(537,372)	(1,950,462)	(39,805)
<u>\$ 20,384,218</u>	<u>\$ 43,479,072</u>	<u>\$ 63,863,290</u>	<u>\$ 7,158,219</u>

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	General Fund	Street Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 1,898,939	\$ 1,985,998	\$ 1,441,216	\$ 5,326,153
Receivables, net of allowance for uncollectibles	942,074	-	37,148	979,222
Cash and cash equivalents - restricted	445,844	499,009	539,295	1,484,148
Prepaid expense	9,117	-	-	9,117
Total Assets	3,295,974	2,485,007	2,017,659	7,798,640
LIABILITIES				
Accounts payable	249,504	186,996	336,070	772,570
Accrued liabilities	72,635	3,523.94	-	76,159
Accrued interest payable	-	-	145,664	145,664
Other liabilities	130,509	-	(18)	130,491
Total Liabilities	452,648	190,520	481,716	1,124,884
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	57,575	-	-	57,575
Total Deferred Inflows of Resources	57,575	-	-	57,575
Fund Balances				
Nonspendable:				
Prepaid items	9,117	-	-	9,117
Restricted for:				
Court use	174,149	-	-	174,149
Debt service	815,483	-	-	815,483
Community development	-	-	134,938	134,938
Cemetery	-	-	22,835	22,835
Hotel/Motel	-	-	120,975	120,975
Development	-	-	224,427	224,427
Library	-	-	-	-
Committed to:				
Public safety	23,816	-	-	23,816
Assigned to:				
Capital projects	-	2,294,487	549,366	2,843,853
Community development	-	-	367,113	367,113
Public safety	-	-	10,437	10,437
Parks	-	-	230,657	230,657
Library	-	-	6,706	6,706
Unassigned	1,763,186	-	(131,511)	1,631,675
Total Fund Balance	2,785,751	2,294,487	1,535,943	6,616,181
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,295,974	\$ 2,485,007	\$ 2,017,659	\$ 7,798,640

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

Total fund balances - governmental funds balance sheet	\$ 6,616,181
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	51,923,515
Accumulated depreciation has not been included in the governmental fund financial statements.	(23,124,773)
Long-term debt, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.	(9,450,260)
Premiums and discounts on issuance of debt are not recognized in the balance sheet for governmental funds.	(94,588)
Accrued liabilities for compensated absences have not been included in the fund financial statements.	(608,771)
Accrued liabilities for OPEB obligation have not been included in the fund financial statements.	(1,649,622)
Deferred inflows/outflows of resources for pension are not reported in the fund financial statements.	1,440,606
Net pension liability is not due and payable in the current period and, therefore, is not reported in the fund financial statements	(4,759,472)
Revenue reported as deferred revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	57,575
The portion of accrued interest payable that do not require current financial resources are not reported as expenditures in the government-wide financial statements.	<u>33,827</u>
Net position of governmental activities - statement of net position	<u><u>\$ 20,384,218</u></u>

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	General Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
REVENUE				
Taxes:				
Property	\$ 2,787,707	\$ -	\$ 305,020	\$ 3,092,727
Sales	4,386,891	-	-	4,386,891
Hotel	-	-	531,261	531,261
Beverage	33,447	-	-	33,447
Franchise	-	1,164,889	26,992	1,191,881
Fines and forfeitures	1,332,587	-	-	1,332,587
Licenses and permits	102,397	-	-	102,397
Charge for services	165,273	-	-	165,273
Donations	2,929	-	14,570	17,499
Grant	-	-	46,289	46,289
Intergovernmental revenue	647,687	-	45,749	693,436
Royalties	-	536,862	-	536,862
Investment income	39,283	33,180	8,072	80,535
Miscellaneous	83,300	20,842	18,939	123,081
Total revenues	9,581,501	1,755,773	996,892	12,334,166
EXPENDITURES				
Current:				
General government	798,760	-	212,920	1,011,680
Public safety	7,055,231	-	310,507	7,365,738
Library	384,221	-	5,143	389,364
Public works	156,466	1,073,070	-	1,229,536
Public services and operations	706,683	-	33,338	740,021
Parks and recreation	685,613	-	325	685,938
Capital outlays:				
General government	127,837	-	-	127,837
Public safety	204,634	-	168,991	373,625
Library	-	-	8,518	8,518
Public works	-	2,191,429	-	2,191,429
Parks and recreation	84,627	-	175,368	259,995
Debt service:				
Principal retirement	11,739	325,000	145,000	481,739
Interest	624	130,713	148,150	279,487
Total expenditures	10,216,435	3,720,212	1,208,260	15,144,907
Excess (deficiency) of revenues over expenditures	(634,934)	(1,964,439)	(211,368)	(2,810,741)
OTHER FINANCING SOURCES (USES)				
Transfers	386,754	551,890	(25,721)	912,923
Sale of assets	24,088	3,399	-	27,487
Total other financing sources (uses)	410,842	555,289	(25,721)	940,410
Net change in fund balances	(224,092)	(1,409,150)	(237,089)	(1,870,331)
Fund balances, beginning	3,009,843	3,703,637	1,773,032	8,486,512
Fund balances, ending	\$ 2,785,751	\$ 2,294,487	\$ 1,535,943	\$ 6,616,181

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Net change in fund balances - statement of revenues, expenditures and changes in fund balances - governmental funds	\$ (1,870,331)
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 those assets is allocated over their useful lives and reported as depreciation expense. This is the amount of capital outlay during the current period.	2,961,404
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources; therefore, depreciation expense is not reported as expenditures in the governmental funds.	(1,480,374)
Current year long-term debt principal payments on contractual obligations and bonds are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	481,739
Premium and discounts are recognized in the fund financial statements as other financing sources or uses but these are amortized over the term of the bonds in government-wide financial statements	6,756
Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(16,188)
In governmental fund financial statements, the proceeds from capital lease are shown as an increase in financial resources. In the government-wide financial statements, this is shown as an increase in long-term liabilities.	(35,357)
Revenues earned but not available within sixty days of the year end are not recognized as as revenue on the fund financial statements.	(34,234)
Reclassification of assets not recognized in the fund financial statements.	(65,340)
Current year changes in pension expense do not require the use of current resources; therefore, this is not reported as expenditures in governments funds.	<u>(369,652)</u>
Change in net position - statement of activities	<u><u>\$ (421,577)</u></u>

The notes to the financial statements are an integral part of this financial statement.

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 2,807,871	\$ 2,807,871	\$ 2,787,707	\$ (20,164)
Sales	4,446,080	4,446,080	4,386,891	(59,189)
Other	40,000	40,000	33,447	(6,553)
Fines and Forfeitures	1,115,000	1,115,000	1,332,587	217,587
Licenses and Permits	71,500	71,500	102,397	30,897
Charge for Services	174,000	174,000	165,273	(8,727)
Donations	11,000	11,000	2,929	(8,071)
Intergovernmental Revenue	602,842	602,842	647,687	44,845
Investment Income	12,000	12,000	39,283	27,283
Miscellaneous	65,000	65,000	83,300	18,300
Total Revenues	<u>9,345,293</u>	<u>9,345,293</u>	<u>9,581,501</u>	<u>236,208</u>
EXPENDITURES				
Current:				
General Government	943,241	943,241	798,760	144,481
Public Safety:				
Police	4,313,284	4,313,284	4,456,761	(143,477)
Fire	2,546,963	2,546,963	2,598,470	(51,507)
Total Public Safety	<u>6,860,247</u>	<u>6,860,247</u>	<u>7,055,231</u>	<u>(194,984)</u>
Library	394,356	394,356	384,221	10,135
Public Works	150,933	150,933	156,466	(5,533)
Public Services and Operations	702,915	702,915	706,683	(3,768)
Parks and Recreation	860,141	860,141	685,613	174,528
Capital Outlays	239,605	239,605	417,098	(177,493)
Principal Payments	-	-	12,363	(12,363)
Total Expenditures	<u>10,151,438</u>	<u>10,151,438</u>	<u>10,216,435</u>	<u>(64,997)</u>
Excess (deficiency) of revenues over (under) expenditures	(806,145)	(806,145)	(634,934)	171,211
Other Financing Sources (Uses)				
Transfers	397,013	397,013	386,754	(10,259)
Sale of assets	10,000	10,000	24,088	14,088
Bond issuance costs	-	-	-	-
Refunding bond proceeds	-	-	-	-
Total Other Financing Sources (uses)	<u>407,013</u>	<u>407,013</u>	<u>410,842</u>	<u>3,829</u>
Net Change in Fund Balance	(399,132)	(399,132)	(224,092)	175,040
Fund Balance, October 1	3,009,843	3,009,843	3,009,843	
Fund Balance, September 30	<u>\$ 2,610,711</u>	<u>\$ 2,610,711</u>	<u>\$ 2,785,751</u>	

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017**

	Utility Fund	Airport Fund	Civic Center	Total Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,107,252	\$ 202,362	\$ 140,378	\$ 3,449,992
Receivables, net of uncollectibles	441,626	-	430	442,056
Restricted assets:				
Cash and cash equivalents	1,878,170	-	-	1,878,170
Total current assets	<u>5,427,048</u>	<u>202,362</u>	<u>140,808</u>	<u>5,770,218</u>
Noncurrent assets:				
Capital Assets:				
Land	6,953,503	1,825,725	-	8,779,228
Buildings	28,338,749	3,661,441	1,343,800	33,343,990
Improvements	8,335,649	9,286,576	273,221	17,895,446
Infrastructure	28,812,460	-	-	28,812,460
Vehicles	885,775	209,827	15,723	1,111,325
Machinery & equipment	7,675,735	136,417	334,736	8,146,888
Construction in progress	253,925	-	-	253,925
Less: accumulated depreciation	<u>(27,149,754)</u>	<u>(5,378,223)</u>	<u>(985,728)</u>	<u>(33,513,705)</u>
Total noncurrent assets	<u>54,106,042</u>	<u>9,741,763</u>	<u>981,752</u>	<u>64,829,557</u>
Total assets	<u><u>59,533,090</u></u>	<u><u>9,944,125</u></u>	<u><u>1,122,560</u></u>	<u><u>70,599,775</u></u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources-pension	411,957	43,272	65,683	520,912
LIABILITIES				
Current liabilities:				
Accounts payable	358,936	7,838	25,978	392,752
Accrued liabilities	20,106	1,858	3,281	25,245
Other liabilities	14,882	-	-	14,882
Internal balances	-	-	-	-
Liabilities payable from restricted assets:				
Accrued interest payable	14,651	-	173	14,824
Customer deposits	165,210	-	-	165,210
Compensated absences - current	15,968	-	1,678	17,646
Capital lease payable-current	12,363	-	-	12,363
Bonds payable - current	1,320,000	-	-	1,320,000
Total current liabilities payable from restricted assets:	<u>1,528,192</u>	<u>-</u>	<u>1,851</u>	<u>1,530,043</u>
Total current liabilities	<u>1,922,116</u>	<u>9,696</u>	<u>31,110</u>	<u>1,962,922</u>
Noncurrent liabilities:				
Net OPEB obligation	509,737	56,407	52,793	618,937
Net pension liability	1,204,649	117,138	221,825	1,543,612
Compensated absences	84,938	19,536	9,225	113,699
Capital lease payable	22,897	-	-	22,897
Bonds payable	23,325,859	-	-	23,325,859
Total noncurrent liabilities	<u>25,148,080</u>	<u>193,081</u>	<u>283,843</u>	<u>25,625,004</u>
Total liabilities	<u><u>27,070,196</u></u>	<u><u>202,777</u></u>	<u><u>314,953</u></u>	<u><u>27,587,926</u></u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources-pension	41,252	3,629	8,808	53,689
NET POSITION				
Net invested in capital assets	29,439,585	9,741,763	981,752	40,163,100
Restricted for:				
Debt Service	1,839,739	-	-	1,839,739
Unrestricted	1,554,275	39,228	(117,270)	1,476,233
Total Net Position	<u><u>\$ 32,833,599</u></u>	<u><u>\$ 9,780,991</u></u>	<u><u>\$ 864,482</u></u>	<u><u>\$ 43,479,072</u></u>

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Utility Fund</u>	<u>Airport Fund</u>	<u>Civic Center</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES:				
Charges for services	\$ 10,331,379	\$ 840,575	\$ 89,430	\$ 11,261,384
Operating grant revenue	-	7,506	-	7,506
Miscellaneous	290,132	541	1,216	291,889
Total operating revenues	<u>10,621,511</u>	<u>848,622</u>	<u>90,646</u>	<u>11,560,779</u>
OPERATING EXPENSES:				
Personal services	2,140,980	195,311	326,097	2,662,388
Supplies and materials	578,621	445,578	32,818	1,057,017
Maintenance and repair	498,167	24,820	30,614	553,601
Contractual services	4,006,221	61,240	53,266	4,120,727
Depreciation	1,991,409	557,286	64,682	2,613,377
Total operating expenses	<u>9,215,398</u>	<u>1,284,235</u>	<u>507,477</u>	<u>11,007,110</u>
Operating income (loss)	<u>1,406,113</u>	<u>(435,613)</u>	<u>(416,831)</u>	<u>553,669</u>
NONOPERATING REVENUES (EXPENSES)				
Gain on sale of assets	15,640	5,560	1,190	22,390
Interest revenue	38,906	-	2,188	41,094
Interest expense	(318,743)	-	-	(318,743)
Total nonoperating revenues (expenses)	<u>(264,197)</u>	<u>5,560</u>	<u>3,378</u>	<u>(255,259)</u>
Income (loss) before transfers and capital contributions	1,141,916	(430,053)	(413,453)	298,410
Transfers	<u>(1,190,978)</u>	<u>3,980</u>	<u>338,825</u>	<u>(848,173)</u>
Change in net position	(49,062)	(426,073)	(74,628)	(549,763)
Net Position, October 1	33,300,617	10,246,871	1,018,719	44,566,207
Prior Period Adjustments	(417,956)	(39,805)	(79,611)	(537,372)
Net Position, September 30	<u>\$ 32,833,599</u>	<u>\$ 9,780,993</u>	<u>\$ 864,480</u>	<u>\$ 43,479,072</u>

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Utility Fund	Airport Fund	Civic Center	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 10,566,428	\$ 840,575	\$ 89,431	\$ 11,496,434
Cash received from other sources	290,132	8,047	1,216	299,395
Cash paid to employees	(2,127,043)	(204,894)	(336,694)	(2,668,631)
Cash paid to suppliers	(4,923,069)	(530,116)	(105,429)	(5,558,614)
Net cash provided (used) by operating activities	3,806,448	113,612	(351,476)	3,568,584
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,190,978)	3,980	338,825	(848,173)
Net cash provided (used) by non-capital financing activities	(1,190,978)	3,980	338,825	(848,173)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,040,876)	(45,021)	(48,279)	(1,134,176)
Issuance of capital lease	23,618	-	-	23,618
Principal paid on long-term debt	(1,325,000)	-	-	(1,325,000)
Interest paid on long-term debt	(260,916)	-	-	(260,916)
Net cash (used for) capital & related financing activities	(2,603,174)	(45,021)	(48,279)	(2,696,474)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	38,906	-	2,188	41,094
Net cash provided by investing activities	38,906	-	2,188	41,094
Net increase (decrease) in cash and cash equivalents	51,202	72,571	(58,742)	65,031
Cash and cash equivalents at beginning of year	4,934,220	129,791	199,120	5,263,131
Cash and cash equivalents at end of year	\$ 4,985,422	\$ 202,362	\$ 140,378	\$ 5,328,162
Classified as:				
Current	3,107,252	202,362	140,378	3,449,992
Restricted	1,878,170	-	-	1,878,170
	\$ 4,985,422	\$ 202,362	\$ 140,378	\$ 5,328,162
Noncash disclosures:				
Premium Amortization	13,539			13,539
Debt repaid from refunding bonds	3,465,000			3,465,000
Bond issuance costs funded from debt	65,712			65,712
Interest expense from refunding bonds	44,288			44,288
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 1,406,113	\$ (435,613)	\$ (416,831)	\$ 553,669
Adjustment to reconcile operating income to net cash provided by operating activities				
Depreciation	1,991,409	557,286	64,682	2,613,377
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	222,156	-	-	222,156
Increase (decrease) in liabilities:				
Accounts payable	186,291	1,522	11,269	199,082
Accrued Liabilities	(28,129)	(3,731)	(4,717)	(36,577)
Customer deposits	12,895	-	-	12,895
Pension/OPEB liabilities	5,261	513	375	6,149
Compensated Absences	8,674	(6,365)	(6,254)	(3,945)
Other liabilities	1,778	-	-	1,778
Total adjustments	2,400,335	549,225	65,355	3,014,915
Net cash provided (used) by operating activities	\$ 3,806,448	\$ 113,612	\$ (351,476)	\$ 3,568,584

The notes to the financial statements are an integral part of this financial statement.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mount Pleasant, Texas ("City") was incorporated in 1900 and has a Council/Manager form of government with a City Council comprised of Mayor and five council members. Some of the services provided are: public safety (police and fire protection), municipal court, streets, water distribution, sewer treatment, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles ("GAAP") for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments-Audit and Accounting Guide*. The more significant accounting policies of the City are described below:

1. Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units".

Under GASB 14, component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statement of the following component unit has been discretely presented in the accompanying report because (a) their governing boards are not substantially the same as the governing body of the City, or (b) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Discretely Presented Component Unit - The Mount Pleasant Industrial Development Corporation ("IDC") is a discretely presented component unit of the City. The IDC was first incorporated in 1993. The funding for the IDC occurs by the City transferring a portion of sales tax revenues collected by the City to the IDC fund. The nature and significance of the relationship between the primary government and the IDC is such that exclusion would cause the City's financial statements to be incomplete. There are no separate financial statements issued for the IDC.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Presentation

The basic financial statements are prepared in conformity with GAAP which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Management's Discussion and Analysis includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the original adopted and final amended General Fund budget with actual results.

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. As required by GAAP, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit has been reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of net activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are separated from business-type activities, which rely on fees and charges for services.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, and c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property and sales tax, franchise taxes, and interest income).

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the funds financial statements. The major governmental funds are the General Fund and Street Fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and proprietary combined) for determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and wastewater function 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.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Basis of Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services. The utility fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on major individual funds of the governmental and proprietary categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

3. Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position and the operating statements present increase (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, in other words, as soon as they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded 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 the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Ad valorem, franchise and sales tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measureable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major governmental funds:

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

The *Street Fund* accounts for the administration, operation, and maintenance of the City's streets. This fund also accounts for any street projects while under construction.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3. Measurement Focus, Basis of Accounting (continued)

Proprietary funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales, services and use of facilities. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported as non operating revenues and expenses.

The *Utility Fund* accounts for the operations of the water, sanitary sewer utilities and trash collection which are self-supporting activities rendering services on a user-charge basis.

The *Airport Fund* accounts for the operation of the Airport. Activities of the fund include the administration, operation and maintenance of the airport infrastructure. This fund also accounts for airport projects while under construction.

The *Civic Center Fund* accounts for the operation of the Civic Center. Activities of the fund include the administration, operation and maintenance of the Civic Center.

4. Financial Statement Amounts

a. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash from all fund types to increase the amount of funds available for investment. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. Each fund may liquidate its equity in the pool on demand.

b. Receivable and Payable Balances

Trade and property tax receivables are shown net of an allowance for uncollectible.

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation.

c. Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond the fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures. Prepaid items are recorded using the consumption method.

d. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of the other governments, or are imposed by law through constitutional provisions or enabling legislation. Certain proceeds of the proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, customer deposits received for water and wastewater services are classified as restricted assets.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts (continued)

e. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-like activities columns in the government-wide financial statements and proprietary fund types. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For fiscal year 2016 no interest was capitalized.

Management elected not to retroactively report infrastructure assets within the scope of GASB Statement No. 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Infrastructure	30-45
Buildings	45
Building Improvements	15-20
Vehicles	6
Office Equipment	5-10
Computer Equipment	5-7

f. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City has two items that qualify in this category. The City's pension plan contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year-end. The other deferred outflow is the difference between projected and actual investment earnings that are amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify in this category. One of these items arise only under a modified accrual basis of accounting. Accordingly, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. As a component of implementing GASB Statement No. 68, a deferred inflow is recorded in the government-wide Statement of Net Position and fund level financials for the proprietary Statement of Net Position for the difference in projected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The amount is deferred and amortized over a period of years determined by the Plan actuary. The differences are amortized over the average remaining service life of all participants in the respective pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts (continued)

g. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation, overtime not paid (comp time) and sick pay benefits. A liability for unpaid accumulated compensated absences is recorded in relation to these amounts in the government-wide and proprietary financial statements.

h. 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 are deferred and amortized over the life of the bonds on a straight-line basis. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

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. Premiums received on debt issuances are 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.

i. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can only be used for specific purposes determined by a resolution of the City's highest level of decision-making authority (the Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance - amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making (the Council), or by the City Manager. This is also the classification for residual funds in the City's special revenue funds.

Unassigned fund balance - the residual classification for the City's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are needed.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4. Financial Statement Amounts
 - i. Fund Equity (continued)

A summary of the City's fund balance policy as adopted by the Council follows:

The City believes that adequate levels of fund balance are essential in mitigating financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. In order to comply with GASB 54, the City's fund balances now focus on "the extent to which the government is bound to honor constraints on specific purposes for which amounts in the fund can be spent." The goal is to maintain a minimum unassigned fund balance in the General Fund equal to 16.67% of expenditures, with 8.34% or less being cause for concern. As the end of fiscal year 2017, the City is in compliance with this minimum fund balance policy.

- j. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied

- k. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

- l. Federal and State Grants

Grants and shared revenues are generally accounted for within the fund financed. Federal grants are from various federal agencies, including the Environmental Protection Agency and the Department of Transportation , and are accounted for in both the governmental and proprietary funds.

- m. Pensions

In government-wide financial statements, retirement plans (pension) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures in the governmental fund statements which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability that represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Texas Municipal Retirement System ("TMRS"). The net pension liability is measured as of December 31, 2016. Changes in the net pension liability are recorded as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) will be amortized over the weighted average remaining service life of all participants and are recorded as a component of pension expense beginning with the period in which they are incurred.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts
m. Pensions (continued)

For purposes of measuring the net pension liability and deferred inflows/outflows of resources relating to pension expense, information about the fiduciary net position of the City's pension plan with TMRS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows/outflows and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed five-year period of recognition.

- n. Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year September 30, 2017, the City had a tax rate of \$0.3437 per \$100 assessed valuation based upon the maximum rates described above.

- o. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budget to actual. Also, certain prior year balances have been reclassified in order to be consistent with the current year's presentation.

**CITY OF MOUNT PLEASANT, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4. Financial Statement Amounts (continued)

p. Interfund Activity

Interfund activity results from loans, services provided, and reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide Statement of Activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide Statement of Net Position.

q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

r. Program Revenues

Amounts reported as 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

s. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

B. COMPLIANCE AND ACCOUNTABILITY

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None	n/a

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Debt Service Fund	\$ (131,511)	Expenditures exceed revenues in prior years
Police Fund	(3,497)	Expenditures exceed revenues in current year

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

B. COMPLIANCE AND ACCOUNTABILITY (continued)

3. Budgets and Budgetary Accounting

The City adopts an "appropriated budget" of governmental fund types on the modified accrual basis of accounting by department. The City is required to present the adopted and final amended budgeted revenues and expenditures. The City compares the final amended budget to actual revenues and expenditures. The General Fund budget appears on page 28 and other informational budgets are presented in the supplementary information section.

The following procedures are followed in establishing the budgetary data:

- No later than the first City Council meeting each August, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the City Manager, shall be deemed to have been adopted by the City Council.
- According to the City Charter, total estimated expenditures of the General Fund and Debt Service Fund are to be budgeted.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The City Manager and/or Director of Finance are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

Budgets are legally adopted on a modified accrual basis of accounting. The majority of the City's Capital Projects are budgeted on an annual basis. For budgeted capital projects not expended during the fiscal year, the City will roll those balances into the following year's fiscal budget.

C. DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At September 30, 2017, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$12,138,463 and the bank balance was \$12,494,984. The City's cash deposits at September 30, 2017 and during the year ended September 30, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The amount of deposits covered by collateralized securities was \$4,217,170.

At September 30, 2017, the City's investments in TexPool and LOGIC were \$8,392,892 for investment balance and book balance. Detail of these investments is described below in the 'Investment' section.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

C. DEPOSITS AND INVESTMENTS (continued)

Cash and investments as of September 30, 2017 consist of and are classified in the financial statements as follows:

Statement of Net Position:

Primary Government	
Cash and Cash Equivalents	\$ 8,776,145
Restricted cash and cash equivalents	3,362,318
Total cash and cash equivalents	<u>\$ 12,138,463</u>
 Governmental - Restricted Cash	
Municipal Court	\$ 174,149
PEG funds	134,938
Police Seizure Fund	271,696
Hotel tax - tourism	131,549
Cemetery	25,487
Rural Development	224,427
Public safety	8,740
Debt service	14,153
Capital improvement	499,009
Total cash and cash equivalents	<u>\$ 1,484,148</u>
 Business-type- Restricted Cash	
Customer Deposits	\$ 165,210
Debt Service	154,484
Capital projects	1,544,230
TWDB funds-capital projects	14,246
Total cash and cash equivalents	<u>\$ 1,878,170</u>
 Total Restricted Cash	<u>\$ 3,362,318</u>

Investments

The Public Funds Investment Act ("Act") (Government Code Chapter 2256) requires the City to have an independent auditor perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Currently all of the City's investments are with the Texas Local Investment Pool and LOGIC Investments. TexPool financial statements can be found at www.texpool.com and LOGIC Investments financial statements can be found at www.logic.org.

The Texas Local Investment Pool is a local government investment pool which operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This type of investment pool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool. The Texas Local Government Investment Pool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is governed by an Advisory Board composed equally of participants in the pool and other persons who do not have a business relationship with the Pool who are qualified to advise the Pool.

The State Comptroller of Public Accounts exercises oversight responsibility over the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard and Poor's. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poor's, as well as the office of the Comptroller for public review.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

C. DEPOSITS AND INVESTMENTS

Investments (continued)

The City is also invested in LOGIC Investments. LOGIC is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. Together, these organizations bring to the LOGIC program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management. LOGIC is a local government investment cooperation created under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The fund is rated AAAm by Standard & Poor's.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Average Maturity</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
TexPool	\$ 2,679,523	34	N/A	AAA-m
LOGIC	5,713,369	42	N/A	AAA-m
	<u>\$ 8,392,892</u>			

As of September 30, 2017 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Concentration of Credit Risk

With the exception of U.S. Treasury securities, certificates of deposit and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the City to require full collateralization of all City investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

D. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Other Governmental	Utility	Civic	Total
Receivables:					
Taxes	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
Fees and Charges	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
Gross Receivables	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
Less: allowance for uncollectibles	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?
Net Total Receivables	#NAME?	#NAME?	#NAME?	#NAME?	#NAME?

The Proprietary Fund accounts receivable includes unbilled charges for services of \$205,549 rendered as of fiscal year end.

E. CAPITAL ASSETS

Capital asset activity for the period ended September 30, 2017 was as follows:

	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 1,436,233	\$ -	\$ 139,445	\$ -	\$ 1,575,678
Construction in Progress	289,901	(51,311)	1,394,605	-	1,633,195
Total capital assets, not being depreciated	1,726,134	(51,311)	1,534,050	-	3,208,873
Capital assets, being depreciated:					
Buildings	7,758,079	-	183,072	-	7,941,151
Improvements	6,984,126	51,311	120,027	-	7,155,464
Infrastructure	25,302,335	-	640,566	-	25,942,901
Machinery	4,563,985	-	343,549	(50,466)	4,857,068
Vehicles	2,745,911	-	140,140	(67,993)	2,818,058
Total capital assets being depreciated	47,354,436	51,311	1,427,354	(118,459)	48,714,642
Less accumulated depreciation for:					
Buildings	(2,182,036)	-	(174,266)	-	(2,356,302)
Improvements	(3,448,482)	-	(241,012)	-	(3,689,494)
Infrastructure	(10,536,997)	-	(476,150)	-	(11,013,147)
Machinery	(3,194,077)	-	(395,629)	50,466	(3,539,240)
Vehicles	(2,401,266)	-	(193,317)	67,993	(2,526,590)
Total accumulated depreciation	(21,762,858)	-	(1,480,374)	118,459	(23,124,773)
Total capital assets, being depreciated, net	25,591,578	51,311	(53,020)	-	25,589,869
Governmental activities capital assets, net	\$ 27,317,712	\$ -	\$ 1,481,030	\$ -	\$ 28,798,742

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

E. CAPITAL ASSETS (continued)

Business-type Activities	<u>Beginning Balances</u>	<u>Transfers</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets, not being depreciated					
Land	\$ 8,779,228	\$ -	\$ -	\$ -	\$ 8,779,228
Construction in Progress	492,353	(901,884)	663,456	-	253,925
Total capital assets, not being depreciated	<u>9,271,581</u>	<u>(901,884)</u>	<u>663,456</u>	<u>-</u>	<u>9,033,153</u>
Capital assets, being depreciated:					
Buildings	33,343,990	-	-	-	33,343,990
Improvements	17,835,946	-	59,500	-	17,895,446
Infrastructure	28,589,355	223,105	-	-	28,812,460
Machinery	7,233,409	678,779	288,270	(53,570)	8,146,888
Vehicles	1,117,901	-	142,186	(148,762)	1,111,325
Total capital assets being depreciated	<u>88,120,601</u>	<u>901,884</u>	<u>489,956</u>	<u>(202,332)</u>	<u>89,310,109</u>
Less accumulated depreciation for:					
Buildings	(8,637,704)	-	(735,812)	-	(9,373,516)
Improvements	(5,740,332)	-	(837,280)	-	(6,577,612)
Infrastructure	(10,428,595)	-	(536,265)	-	(10,964,860)
Machinery	(5,311,110)	-	(409,975)	53,570	(5,667,515)
Vehicles	(984,919)	-	(94,045)	148,762	(930,202)
Total accumulated depreciation	<u>(31,102,660)</u>	<u>-</u>	<u>(2,613,377)</u>	<u>202,332</u>	<u>(33,513,705)</u>
Total capital assets, being depreciated, net	<u>57,017,941</u>	<u>901,884</u>	<u>(2,123,421)</u>	<u>-</u>	<u>55,796,404</u>
Business-type activities capital asset, net	<u>\$ 66,289,522</u>	<u>\$ -</u>	<u>\$ (1,459,965)</u>	<u>\$ -</u>	<u>\$ 64,829,557</u>

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

Governmental activities:	
Administration	\$ 71,056
Municipal Court	21,910
Public Services	15,544
Library	307,178
Police Department	200,295
Fire Department	192,745
Parks & Recreation	67,653
Streets	603,993
Total depreciation expense - governmental activities	<u>\$ 1,480,374</u>
Business-type activities:	
Utility	\$ 1,991,409
Airport	557,286
Civic Center	64,682
Total depreciation expense - business-type activities	<u>\$ 2,613,377</u>

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

E. CAPITAL ASSETS (continued)

Capital Improvement Program Commitments

The City has active construction projects as of September 30, 2017. The projects include water system improvements, sewer interceptor, a lift station and other projects.

Commitments for construction in progress are composed of the following:

	Spent to Date	Remaining Commitment
<i>Governmental Activities</i>		
CR 1312 Old NW 12 Phase II	\$ 1,557,036	\$ 774,288
Downtown Lights- Phase II	5,839	16,370
New Sports Complex	62,694	6,937,233
New Animal Shelter	7,626	1,979,532
Total Governmental Activities	<u>\$ 1,633,195</u>	<u>\$ 9,707,423</u>
<i>Business-Type Activities</i>		
FM 400 Sewer Interceptor	98,313	792,786
I-30 WTP & LBS Scada Improvements	106,012	875
Orange Blossom Sewer Improvements	49,600	265,400
Total Business-Type Activities	<u>\$ 253,925</u>	<u>\$ 1,059,061</u>
Total Primary Government	<u>\$ 1,887,120</u>	<u>\$ 10,766,484</u>

F. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2017, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Governmental Activities					
Certificates of Obligation	\$ 9,885,000	\$ -	\$ (470,000)	\$ 9,415,000	\$ 490,000
	9,885,000	-	(470,000)	9,415,000	490,000
Add deferred amounts:					
For Bond Issuance Discount	(39,723)	-	2,648	(37,075)	
For Bond Issuance Premium	141,067	-	(9,404)	131,663	
Total Bonds Payable	9,986,344	-	(476,756)	9,509,588	490,000
Capital lease payable	11,642	35,357	(11,739)	35,260	12,363
Compensated absences	592,583	16,188		608,771	37,266
Other postemployment benefit obligation	1,649,622			1,649,622	-
Net pension liability	4,521,268	238,204	-	4,759,472	-
Governmental activity Long-term Debt	<u>\$ 16,761,459</u>	<u>\$ 289,749</u>	<u>\$ (488,495)</u>	<u>\$ 16,562,713</u>	<u>\$ 539,629</u>
Business-type Activities					
Revenue Bonds	\$ 22,265,000	\$ -	\$ (640,000)	\$ 21,625,000	\$ 650,000
Revenue Refunding Bonds	3,655,000	-	(3,655,000)	-	-
GO Refunding Bonds	-	3,575,000	(495,000)	3,080,000	670,000
Total Bonds Payable	25,920,000	3,575,000	(4,790,000)	24,705,000	1,320,000
Add deferred amounts:					
For Bond Issuance Premium	2,499	-	(2,499)	-	-
For Bond Issuance Discount	(9,467)	(65,712)	16,038	(59,141)	-
Total Bonds Payable	25,913,032	3,509,288	(4,776,461)	24,645,859	1,320,000
Capital lease payable	11,642	35,357	(11,739)	35,260	12,363
Compensated absences	135,290	-	(3,945)	131,345	17,646
Other postemployment benefit obligation	619,531	-	(595)	618,936	-
Net pension liability	1,695,425	-	(151,812)	1,543,613	-
Business-type activity Long-term Debt	<u>\$ 28,374,920</u>	<u>\$ 3,544,645</u>	<u>\$ (4,944,552)</u>	<u>\$ 26,975,013</u>	<u>\$ 1,350,009</u>

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

F. LONG-TERM OBLIGATIONS (continued)

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation leave/comp time and sick time (if eligibility is met) for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund or Proprietary Fund, based on the assignment of an employee at date of termination.

Changes in Governmental Long-term Debt by Debt Series

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding		Amounts Outstanding September 30, 2017	Due Within One Year	
			September 30, 2016	Issued			Retired
2010 Cert Oblig	2%-3.75%	\$ 4,500,000	\$ 3,850,000	\$ -	\$ (145,000)	\$ 3,705,000	\$ 160,000
2012 Comb Tax & Rev	2%-2.75%	7,115,000	6,035,000	-	(325,000)	5,710,000	330,000
Total Bonds Payable		11,615,000	9,885,000	-	(470,000)	9,415,000	490,000
Discount/Premium		130,124	101,344	-	(6,756)	94,588	
		11,745,124	9,986,344	-	(476,756)	9,509,588	490,000
Capital lease payable		28,127	11,642	35,357	(11,739)	35,260	12,363
Compensated absences		-	592,583	16,188	-	608,771	37,266
Other postemployment benefit obligation		-	1,649,622	-	-	1,649,622	-
Net pension liability		-	4,521,268	238,204	-	4,759,472	-
Totals		<u>\$ 11,773,251</u>	<u>\$ 16,761,459</u>	<u>\$ 289,749</u>	<u>\$ (488,495)</u>	<u>\$ 16,562,713</u>	<u>\$ 539,629</u>

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	\$ 490,000	\$ 245,675	\$ 735,675
2019	515,000	234,825	749,825
2020	540,000	223,075	763,075
2021	565,000	210,275	775,275
2022	590,000	196,775	786,775
2023-2027	3,400,000	743,223	4,143,223
2028-2032	3,315,000	230,732	3,545,732
Totals	<u>\$ 9,415,000</u>	<u>\$ 2,084,580</u>	<u>\$ 11,499,580</u>

\$4,500,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2010 were issued for the purpose of constructing and equipping a public library and improving the police department building, with surplus funds to be used for major repair and renovation of existing municipal buildings, and to pay the costs of issuance. The Certificates mature at various dates through May 2030.

\$7,115,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2012 were issued for the purpose of constructing and improving streets & roads including related drainage, utility relocation signalization, landscaping, lighting, and signage and to pay the costs of issuance. The Certificates mature at various dates through May 2032.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

F. LONG-TERM OBLIGATIONS (continued)

Capital Lease

The City entered into a capital lease agreement for copiers in August 2015 in the amount of \$59,520. The lease will be repaid over five years at an interest rate of 1.50%. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 are as follows:

Year ending September 30:	Minimum Obligation
2018	\$ 12,363
2019	12,363
2020	11,333
Total minimum lease payments	36,059
Less: amount representing interest	(799)
	<u>\$ 35,260</u>

Changes in Business-type Long-term Debt by Debt Series:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding September 30, 2016	Issued	Retired	Amounts Outstanding September 30, 2017	Due Within One Year
2006 Utility Refund	4.88%	\$ 3,320,000	\$ 2,320,000	\$ -	\$ (2,320,000)	\$ -	\$ -
2008 Utility Revenue	1.00%	22,905,000	22,265,000	-	(640,000)	21,625,000	650,000
2010 Rev Refunding	1.00%	3,295,000	1,335,000	-	(1,335,000)	-	-
2016 Refunding Bond	1.590%	3,575,000	-	3,575,000	(495,000)	3,080,000	670,000
		33,095,000	25,920,000	3,575,000	(4,790,000)	24,705,000	1,320,000
Discount/Premium		(29,265)	(6,968)	(65,712)	13,539	(59,141)	
Total Bonds Payable		33,065,735	25,913,032	3,509,288.00	(4,776,461)	24,645,859	1,320,000
Capital lease payable		59,520	11,642	35,357	(11,739)	35,260	12,363
Compensated Absences			135,290	-	(3,945)	131,345	17,646
Other postemployment benefit obligation			619,531	-	(595)	618,936	-
Net pension liability			1,695,425	-	(151,812)	1,543,613	-
Totals		<u>\$ 33,125,255</u>	<u>\$ 28,374,920</u>	<u>\$ 3,544,645</u>	<u>\$ (4,944,552)</u>	<u>\$ 26,975,013</u>	<u>\$ 1,350,009</u>

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	\$ 1,320,000	\$ 261,972	\$ 1,581,972
2019	1,345,000	244,719	1,589,719
2020	1,395,000	225,011	1,620,011
2021	1,405,000	209,369	1,614,369
2022	1,420,000	193,685	1,613,685
2023-2027	7,360,000	727,627	8,087,627
2028-2033	10,460,000	321,650	10,781,650
Totals	<u>\$ 24,705,000</u>	<u>\$ 2,184,033</u>	<u>\$ 26,889,033</u>

\$3,320,000 Utility System Revenue Bonds, Series 2006, were issued to purchase land and pay the costs of improvements to the water system and the costs of issuance. The Bonds were refunded in March 2017 from the proceeds of the General Obligation Refunding Bonds, Series 2016.

\$24,875,000 Waterworks and Sewer System Revenue Bonds, Series 2008, were issued for the purpose of the construction of a water treatment plant, improvements to raw water supply facilities and water distribution system. The Bonds mature in March 2033.

\$3,295,000 Utility System Revenue Refunding Bonds, Series 2010, were issued to refund the City's Utility System Revenue Bonds, Series 1999, and to pay the costs of issuance. The Bonds were refunded in October 2016 from the proceeds of the General Obligation Refunding Bonds, Series 2016.

\$3,575,000 General Obligation Refunding Bonds, Series 2016 were issued to refund the City's Utility System Refunding Bonds, Series 2010 and the City's Utility System Revenue Bonds, Series 2006, and to pay the costs of issuance. The Bonds mature in May 2026.

**CITY OF MOUNT PLEASANT, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

F. LONG-TERM OBLIGATIONS (continued)

Capital Lease

The City entered into a capital lease agreement for copiers in August 2015 in the amount of \$59,520. The lease will be repaid over five years at an interest rate of 1.50%. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 are as follows:

Year ending September 30:	Minimum Obligation
2018	\$ 12,363
2019	12,363
2020	11,333
Total minimum lease payments	36,059
Less: amount representing interest	(799)
	<u>\$ 35,260</u>

G. OPERATING LEASES

The City is under contract obligations for certain office equipment. Under the terms of the lease, future minimum lease payments for this lease is \$2,060 a month. This lease was signed in August 2015 for a period of 5 years.

H. PENSION PLAN

1. Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System ("TMRS"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code ("TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report ("CAFR") that can be obtained at www.tmr.org.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the City Council, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their treatment benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

H. PENSION PLAN (continued)

2. Benefits Provided (continued)

Plan provisions for the City were as follows:

	Plan Year	
	2016	2015
Employee deposit rate	7.00%	7.00%
Matching Ratio (City to Employee):	2-1	2-1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Number of:	Plan Year	
	2016	2015
Inactive employees or beneficiaries currently receiving benefits	90	87
Inactive employees entitled to but not yet receiving benefits	91	82
Active employees	157	153
Total	<u>338</u>	<u>322</u>

3. Contributions

The contribution rates for the employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City's matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.48% and 15.35% in calendar years 2016 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$1,104,101 and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability ("NPL") was measured as of December 31, 2016, and the Total Pension Liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.50% to 10.5% including inflation
Investment rate of Return	6.75%

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

H. PENSION PLAN (continued)

4. Net Pension Liability (continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis of scale BB to account for future mortality improvement. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period of December 31, 2010 through December 31, 2014, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2016 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income. In order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are determined for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
	100.0%	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was 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 TPL.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption	1% Increase 7.75%
\$ 11,835,237	\$ 6,431,719	\$ 2,056,470

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

H. PENSION PLAN (continued)

5. Pension Expense and deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$1,486,271.

At September 30, 2017, the City reported deferred outflow of resources and deferred inflow of resources related to pension from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual economic experience	\$ -	\$ 221,462
Changes in actuarial assumptions	85,864	-
Difference between projected and actual investment earnings	1,162,040	2,240
Contributions subsequent to the measurement date of December 31, 2016	<u>922,562</u>	<u>-</u>
	<u>\$ 2,170,466</u>	<u>\$ 223,702</u>

\$922,562 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended September 30, 2018. Other amounts reported as deferred outflow and inflow of resources related to pension will be recognized in pension expense as follows:

Net deferred outflows (inflows) of resources:

December 31	
2017	\$ 330,843
2018	356,982
2019	337,059
2020	(682)
2021	-
Thereafter	-
Total	<u>\$ 1,024,202</u>

4. Group-term Life Insurance

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). Retired employees are insured for \$7,500. This coverage is referred to as an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2017, 2016, 2015, and 2014 were \$12,838, \$11,927, \$12,085, and \$11,564, respectively, which equaled the required contributions each year.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

I. OTHER POST-EMPLOYMENT BENEFITS

1. Plan Description

The City provides post-employment medical care ("OPEB") for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

2. Benefits Provided

The City provides post-employment medical benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage, an employee must qualify under all three of the following conditions:

- a. The retiree must have been covered for medical benefits under the City Health Plan as an employee immediately prior to termination of employment.
- b. They must apply for pension benefits from TMRS in accordance with their requirements and deadlines but in no event later than ninety days from termination of employment; and
- c. They must enroll for retiree Health coverage within thirty-one days of the date of termination. All medical care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees.

	Plan Year	
	10/1/2016	10/1/2015
As of September 30, 2017, group plan membership consisted of:		
Retirees receiving benefits paid by the City	3	3
Retirees receiving benefits paid by themselves	2	2
Active employees	145	145
Total	150	150

3. Funding Policy

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. The City contributes \$426 per month for retirees between the ages of 62 and 65 for retiree-only coverage. Participants retiring prior to age 62 are required to pay the full cost of coverage. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees.

4. Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the City ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City's annual OPEB cost for the current year and the related information are as follows:

	Plan Year
	10/1/2014
Annual Required Contribution	\$ 462,629
Interest on net OPEB asset	78,028
Amortization to Prior Year OPEB obligation	(114,794)
Annual Required Contribution	425,863
Contributions made	(56,241)
Increase in net OPEB obligation	369,622
Net OPEB Obligation - 10/1/2014	1,950,701
Net OPEB Obligation - 9/30/2015	\$ 2,320,323

This includes the component unit net OPEB obligations at fiscal year end of \$51,780.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

I. OTHER POST-EMPLOYMENT BENEFITS (continued)

The following table shows the assumed annual OPEB cost and net OPEB obligation for the prior three years (4% discount):

Fiscal Year Ended	9/30/17	9/30/16	9/30/15
Discount rate	4.0%	4.0%	4.0%
Annual OPEB Cost	\$ 425,863	\$ 425,863	\$ 425,863
Percentage of Annual OPEB Cost Contributed	13.21%	13.21%	13.21%
Net OPEB Obligation	\$ 2,320,323	\$ 2,320,323	\$ 2,320,323

5. Funding Status and Funding Progress

As of October 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2.3 million, and the actuarial value of assets was \$0. The covered payroll (annual payroll of active employees covered by the plan) was \$5.6 million, and the ratio of the UAAL to the covered payroll was 55.93%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, present as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

6. Actuarial Methods and Assumptions

Projections of benefits are based on a substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the City and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2014 actuarial valuation, the projected credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate for valuing liabilities and a level healthcare cost trend rate of 6%. Both rates include a 3% inflating assumption. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at September 30, 2015 was 28 years.

J. FIREMENT'S RELIEF PENSION FUND

The City funds 100% of the required contributions for the Firemen's Pension Fund on behalf of the volunteer firefighters who have elected to become members. Certain qualifications must be met in order to receive the benefit. Upon retirement or qualifications for benefits, a retiree is entitled to receive \$300 per year (beneficiaries receive \$200 annually). Currently, there are five retirees and six beneficiaries receiving this benefit from the State Fireman's Pension Fund. This fund expensed \$1,100 in the current fiscal year for retirement benefits.

K. HEALTH CARE COVERAGE

During the year ended September 30, 2017, employees of the City were covered by a health and dental insurance plan. The City contributed \$484 per month per employee for employee coverage and \$392 (50% of the cost) for dependent's health insurance. The City contributed \$29 per employee (100% of the cost per employee) for dental insurance. Employees, at their option, authorized payroll withholdings for dependent dental coverage.

**CITY OF MOUNT PLEASANT, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

L. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City had general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. The City has renewed all coverage and policies for fiscal year 2016-2017.

M. LITIGATION

The City is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the City's financial position, results of operations, or cash flows.

N. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit. Water Accountability Report:

Gallons Pumped	2,405,085,000
Gallons Billed	2,154,964,013

The City purchases its water from the Titus County Fresh Water Supply District and Franklin County Water District. The cost for water purchases is calculated based upon the previous year's usage. The City's total cost for water purchases for this current year was \$549,390. This was a slight increase in cost of water purchased of \$28,338, or 5%, from the previous year.

O. TRANSFERS

Transfers between funds during the year were as follows:

<u>Major Funds</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 113,463	\$ 172,549
Street Fund	1,504,384	87,689
Other Governmental Funds	677,924	2,883,706
	<u>\$ 2,295,771</u>	<u>\$ 3,143,944</u>
Utility	1,690,112	499,134
Airport	-	3,980
Civic Center	-	338,825
	<u>\$ 1,690,112</u>	<u>\$ 841,939</u>

Transfers are used to 1) transfer debt service payments, 2) transfer fixed assets and fixed asset purchases, and 3) transfer hotel/motel tax revenues to the civic center fund.

P. PRIOR PERIOD ADJUSTMENTS

During fiscal year ended September 30, 2017, the City reassessed the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27". As a result, the City restated the beginning deferred outflow of resources for contributions made between the start of the measurement period of the pension system and the City's prior fiscal year end. The prior period adjustment recorded is reflected on the government-wide statements.

	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Change in reporting for deferred outflow of resources-pension	<u>\$ (1,413,090)</u>	<u>\$ (537,372)</u>

**CITY OF MOUNT PLEASANT, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Q. SUBSEQUENT EVENTS

The City has evaluated all events or transactions that occurred after September 30, 2017 up through March 26, 2018, the date the financial statements were available to be issued. In December 2017, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2017 in the amount of \$8,440,000 for the purpose of acquiring and constructing a new animal shelter and sports facility as well as acquire police communication technology. The Certificates mature at various date through May 2038 and bear interest at rates ranging from 2% to 4%.

R. MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION

The IDC is financed with a voter approved 3/8 cent sales tax to aid, promote and further the economic development within the City. Under a contract between the IDC and the City, the City provides financial services for the IDC.

1. Deposits and Investments

Cash and investments as of September 30, 2017 consist of and are classified in the accompanying financial statements as follows:

Statement of Net Position:

Primary Government	
Total Cash and Cash Equivalents	<u>\$ 3,251,321</u>
Savings and checking accounts	\$ 546,814
Investment Pools	<u>2,704,507</u>
Total cash and cash equivalents	<u>\$ 3,251,321</u>

Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the IDC adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

Currently all of the IDC's investments are with TexPool and LOGIC Investments, both described above.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the IDC manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The IDC monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The IDC has no specific limitations with respect to this metric.

As of September 30, 2017, the IDC had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Average Maturity</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
TexPool	\$ 1,432,527	34	N/A	AAA-m
LOGIC	1,271,980	42	N/A	AAA-m
	<u>\$ 2,704,507</u>			

As of September 30, 2017, the IDC did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the minimum rating required by (where applicable) the Public Funds Investment Act, the IDC's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Concentration of Credit Risk

With the exception of U.S. Treasury securities, certificates of deposit and authorized pools, no more than 50% of the IDC's total investment portfolio will be invested in a single security type or with a single financial institution.

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

R. MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION

1. Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of the IDC to require full collateralization of all IDC investments and funds on deposit with a depository bank, other than investments which are obligations of the U.S. government and its agencies and instrumentalities.

As of September 30, 2017, the IDC deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

2. Receivables

The IDC had only one account receivable at the end of the fiscal year end representing sales tax owed from the City in the amount of \$240,327. No allowance for uncollectible is recorded.

3. Capital Assets

Capital asset activity for the period ended September 30, 2017 was as follows:

Governmental Activities	Beginning Balances	Transfers	Additions	Decreases	Ending Balances
Capital assets, not being depreciated:					
Land	\$ 1,628,156	\$ -	\$ -	\$ -	\$ 1,628,156
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated:	<u>1,628,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,628,156</u>
Capital assets, being depreciated:					
Buildings	1,632,316	-	-	-	1,632,316
Improvements	1,718,691	-	-	-	1,718,691
Infrastructure	2,499,327	-	-	-	2,499,327
Total capital assets being depreciated:	<u>5,850,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,850,334</u>
Less accumulated depreciation for:					
Buildings	(40,904)	-	(36,666)	-	(77,570)
Improvements	(765,667)	-	(59,310)	-	(824,977)
Infrastructure	(493,475)	-	(47,038)	-	(540,513)
Total accumulated depreciation	<u>(1,300,046)</u>	<u>-</u>	<u>(143,014)</u>	<u>-</u>	<u>(1,443,060)</u>
Total capital assets, being depreciated, net	<u>4,550,288</u>	<u>-</u>	<u>(143,014)</u>	<u>-</u>	<u>4,407,274</u>
Governmental activities capital assets, net	<u>\$ 6,178,444</u>	<u>\$ -</u>	<u>\$ (143,014)</u>	<u>\$ -</u>	<u>\$ 6,035,430</u>

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2017, is as follows:

Changes in Component Unit Long-term Debt

Description	Interest Rate Payable	Amounts Issue	Amounts Outstanding September 30,		Amounts Outstanding September 30,		Due Within One Year
			2016	Issued	Retired	2017	
2012 IDC Taxable	5.2%	\$ 1,175,500	\$ 893,979	\$ -	\$ (79,994)	\$ 813,985	\$ 84,254
2012 IDC NonTaxable	3.4%	2,076,835	1,526,837	-	(148,170)	1,378,667	153,184
Total Notes Payable		3,252,335	2,420,816	-	(228,164)	2,192,652	237,438
Net Pension Liability			128,177	457	-	128,634	-
Compensated Absence			21,275	968	-	22,243	-
Other postemployment oblig			51,780	-	-	51,780	-
		<u>\$ 3,252,335</u>	<u>\$ 2,622,048</u>	<u>\$ 1,425</u>	<u>\$ (228,164)</u>	<u>\$ 2,395,309</u>	<u>\$ 237,438</u>

**CITY OF MOUNT PLEASANT, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

R. MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION (continued)

4. Long-Term Obligations

Debt service requirements are as follows:

Year Ending September 30:	Principal	Interest	Total Requirements
2018	\$ 237,438	\$ 85,031	\$ 322,469
2019	247,216	75,254	322,470
2020	257,415	65,055	322,470
2021	268,055	54,415	322,470
2022	279,155	43,315	322,470
2023-2025	903,373	58,516	961,889
Totals	<u>\$ 2,192,652</u>	<u>\$ 381,586</u>	<u>\$ 2,574,238</u>

\$1,175,500 IDC Taxable Loan issued to refinance the 2005 Taxable Loan that was issued for the exclusive purpose of providing funds to the Industrial Development Corporation to pay the costs of a land acquisition for a new business park. The loan matures September 2025.

\$2,076,835 Tax-Exempt Loan was issued to refinance the 2005 NonTaxable loan for the purpose of providing funds to the Industrial Development Corporation to pay the costs of improvements to streets, roads, utilities, drainage, telecommunication, and other related improvements to be constructed to service the land acquisition and the costs of debt issuance. The loan matures September 2025.

5. Pension Plan

IDC employees are covered by the same TMRS plan as the City employees. See Note H for details of the plan.

\$18,451 reported as deferred outflow of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the current fiscal year. Other amounts reported as deferred outflow and inflow of resources related to pension will be recognized in pension expense.

For the year ended September 30, 2017, the IDC recognized pension expense of \$30,332.

6. Operating Lease

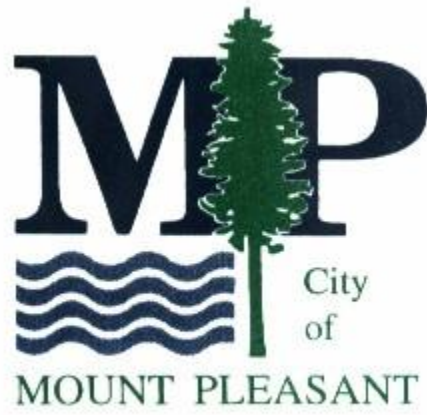
The IDC entered into a lease agreement for the use of office space. Under the terms of the lease, the IDC makes monthly lease payments of \$750. Total rent expense for the fiscal year ended September 30, 2017 under this lease was \$9,000.

7. Prior Period Adjustment

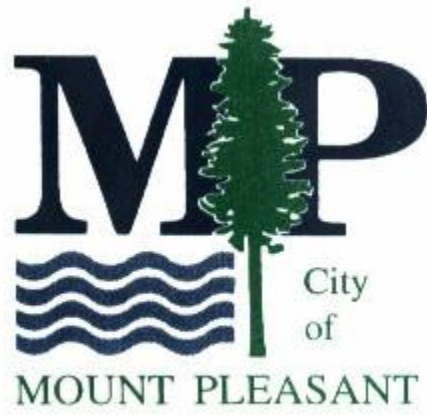
During fiscal year ended September 30, 2017, the City reassessed the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27". As a result, the City restated the beginning deferred outflow of resources for contributions made between the start of the measurement period of the pension system and the City's prior fiscal year end. The prior period adjustment of \$39,805 is reflected on the government-wide statements.

8. Subsequent events

The IDC has evaluated all events or transactions that occurred after September 30, 2017 up through March 26, 2018, the date the financial statements were available to be issued. During this period, management was unaware of subsequent events requiring disclosure.



REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF MOUNT PLEASANT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**TMRS FUNDING PROGRESS AND CONTRIBUTIONS
LAST FOUR FISCAL YEARS (UNAUDITED)**

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Unit Credit	Actuarial Accrued Liability UAAL	Funded Percent	Covered Payroll	UAAL as Percent of Covered Payroll
2014	12/31/2013	\$ 22,071,339	\$ 28,183,567	\$ 6,112,228	78.3%	\$ 6,133,792	99.6%
2015	12/31/2014	24,372,372	30,144,451	5,772,079	80.9%	6,360,582	90.7%
2016	12/31/2015	26,392,994	32,172,086	5,779,092	82.0%	6,626,153	87.2%
2017	12/31/2016	28,735,546	34,602,314	5,866,768	83.0%	7,132,436	82.3%

**SCHEDULE OF CONTRIBUTIONS
LAST FOUR FISCAL YEARS (UNAUDITED)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,104,101	\$ 1,017,114	\$ 1,016,421	\$ 1,018,823
Contributions in relation to the actuarially determined contribution	\$ 1,104,101	\$ 1,017,114	\$ 1,016,421	\$ 1,018,823
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	7,132,436	\$ 6,626,153	\$ 6,360,582	\$ 6,133,792
Contributions as a percentage of covered employee payroll	15.48%	15.35%	15.98%	16.61%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January- 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes

There wer no benefit changes during the year.

Note: Years will continue to be added until there are 10 years for comparison.

**CITY OF MOUNT PLEASANT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS-TMRS**

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
Total pension liability			
Service cost	\$ 1,227,492	\$ 1,115,182	\$ 1,011,813
Interest (on the Total Pension Liability)	2,180,101	2,111,839	1,979,099
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,282)	(293,769)	(196,764)
Change of assumptions	-	160,204	-
Benefit payments, including refund of employee contributions	(976,083)	(1,065,821)	(833,264)
Net Change in Total Pension Liability	<u>2,430,228</u>	<u>2,027,635</u>	<u>1,960,884</u>
Total Pension Liability - Beginning	<u>32,172,086</u>	<u>30,144,451</u>	<u>28,183,567</u>
Total Pension Liability - Ending (a)	<u><u>\$ 34,602,314</u></u>	<u><u>\$ 32,172,086</u></u>	<u><u>\$ 30,144,451</u></u>
Plan Fiduciary Net Position			
Contributions - employers	\$ 1,094,829	\$ 1,058,856	\$ 1,056,491
Contributions - employees	499,271	463,831	445,241
Net investment income	1,746,137	37,417	1,336,903
Benefit payments, including refund of employee contributions	(976,083)	(1,065,821)	(833,264)
Administrative expense	(19,713)	(22,790)	(13,956)
Other	(1,062)	(1,126)	(1,147)
Net Change in Plan Fiduciary Net Position	<u>2,343,379</u>	<u>470,367</u>	<u>1,990,268</u>
Plan Fiduciary Net Position - Beginning	<u>25,827,216</u>	<u>25,356,849</u>	<u>23,366,581</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 28,170,595</u></u>	<u><u>\$ 25,827,216</u></u>	<u><u>\$ 25,356,849</u></u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 6,431,719</u>	<u>\$ 6,344,870</u>	<u>\$ 4,787,602</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.41%	80.28%	84.12%
Covered Employee Payroll	\$ 7,132,436	\$ 6,626,153	\$ 6,360,582
Net Pension Liability as a Percentage of Covered Employee Payroll	90.18%	95.75%	75.27%

Notes to Schedule:

N/A

Note: Years will continue to be added until there are 10 years for comparison.

**CITY OF MOUNT PLEASANT, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**OTHER POST-EMPLOYMENT BENEFITS PLAN - ANALYSIS OF FUNDING PROGRESS
 LAST NINE FISCAL YEARS (UNAUDITED)**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability-Projected Unit Credit</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
2009	10/1/2008	\$ 1,680,130	\$ 1,680,130	0.0%	\$ 5,265,395 *	31.9%
2010	10/1/2008	1,680,130	1,680,130	0.0%	5,853,728 *	28.7%
2011	10/1/2010	2,828,456	2,828,456	0.0%	5,738,115 *	49.3%
2012	10/1/2010	2,828,456	2,828,456	0.0%	5,665,505 *	49.9%
2013	10/1/2012	2,753,862	2,753,862	0.0%	5,903,889 *	46.6%
2014	10/1/2012	2,753,862	2,753,862	0.0%	5,903,889 *	46.6%
2015	10/1/2014	3,164,384	3,164,384	0.0%	5,657,617 *	55.9%
2016	10/1/2014	3,164,384	3,164,384	0.0%	5,657,617 *	55.9%
2017	10/1/2014	3,164,384	3,164,384	0.0%	5,657,617 *	55.9%

ANNUAL REQUIRED CONTRIBUTION (ARC)

Actuarial Valuation Date	<u>10/1/2015</u>
Service Cost	\$ 277,687
Unfunded Actuarial Accrued Liability Amortization	184,942
Annual Required Contributions	<u>\$ 462,629</u>

* Payroll information is as of December 31 for each year shown above.
 Note: Actuarial information updated every three years.



SUPPLEMENTARY INFORMATION

**CITY OF MOUNT PLEASANT, TEXAS
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Capital Replacement Fund	Debt Service Fund	Cemetery Fund	Police Seizure Funds	Rural Development Fund	Hobbs Fund	Hotel/Tourism Funds	Police Funds
ASSETS								
Cash and investments:								
Unrestricted	\$ 549,366	\$ -	\$ -	\$ 285,664	\$ -	\$ -	\$ -	\$ (9,215)
Restricted	-	14,153	25,486	-	224,427	-	131,551	8,740
Receivables, net of allowance for uncollectibles:	-	-	-	-	-	-	37,148	-
Total assets	\$ 549,366	\$ 14,153	\$ 25,486	\$ 285,664	\$ 224,427	\$ -	\$ 168,699	\$ (475)

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	\$ -	\$ -	\$ 2,651	\$ 271,730	\$ -	\$ -	\$ 47,724	\$ 3,040
Other Liabilities	-	-	-	-	-	-	-	(18)
Accrued interest payable	-	145,664	-	-	-	-	-	-
Total liabilities	-	145,664	2,651	271,730	-	-	47,724	3,022

FUND BALANCES

Restricted for:								
Community improvements	-	-	-	-	-	-	-	-
Cemetery	-	-	22,835	-	-	-	-	-
Hotel/Motel	-	-	-	-	-	-	120,975	-
Development	-	-	-	-	224,427	-	-	-
Library	-	-	-	-	-	-	-	-
Assigned to:								
Capital projects	549,366	-	-	-	-	-	-	-
Community improvements	-	-	-	-	-	-	-	-
Public safety	-	-	-	13,934	-	-	-	(3,497)
Parks	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Unassigned	-	(131,511)	-	-	-	-	-	-
Total Fund Balances	549,366	(131,511)	22,835	13,934	224,427	-	120,975	(3,497)
Total Liabilities and Fund Balances	\$ 549,366	\$ 14,153	\$ 25,486	\$ 285,664	\$ 224,427	\$ -	\$ 168,699	\$ (475)

CITY OF MOUNT PLEASANT, TEXAS
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS (continued)
 SEPTEMBER 30, 2017

	Park Improvements Fund	Library Fund	Firemen's Relief Fund	Building Fund	Community Improvements	Peg Funds	Total Other Governmental Funds
\$	230,657	\$ 15,269	\$ -	\$ -	\$ 267,684	\$ 101,791	\$ 1,441,216
	-	-	-	-	-	134,938	539,295
	-	-	-	-	-	-	37,148
\$	230,657	\$ 15,269	\$ -	\$ -	\$ 267,684	\$ 236,729	\$ 2,017,659
\$	-	\$ 8,563	\$ -	\$ -	\$ 2,362	\$ -	\$ 336,070
	-	-	-	-	-	-	(18)
	-	-	-	-	-	-	145,664
	-	8,563	-	-	2,362	-	481,716
	-	-	-	-	-	134,938	134,938
	-	-	-	-	-	-	22,835
	-	-	-	-	-	-	120,975
	-	-	-	-	-	-	224,427
	-	-	-	-	-	-	-
	-	-	-	-	-	-	549,366
	-	-	-	-	265,322	101,791	367,113
	-	-	-	-	-	-	10,437
230,657	-	6,706	-	-	-	-	230,657
	-	-	-	-	-	-	6,706
	-	-	-	-	-	-	(131,511)
230,657	6,706	-	-	-	265,322	236,729	1,535,943
\$	230,657	\$ 15,269	\$ -	\$ -	\$ 267,684	\$ 236,729	\$ 2,017,659

**CITY OF MOUNT PLEASANT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Capital Replacement Fund	Debt Service Fund	Cemetery Fund	Police Seizure Funds	Rural Development Fund	Hobbs Fund	Hotel/Tourism Funds	Police Funds
REVENUE								
Taxes:								
Property	\$ -	\$ 279,567	\$ 25,453	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-	-	-	531,261	-
Franchise	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	9,700	-
Intergovernmental revenues	-	-	-	-	-	-	-	92,038
Investment income	4,950	396	-	-	1,639	-	-	-
Miscellaneous	-	1,067	9,342	5,154	-	-	1,311	1,075
Total revenues	<u>4,950</u>	<u>281,030</u>	<u>34,795</u>	<u>5,154</u>	<u>1,639</u>	<u>-</u>	<u>542,272</u>	<u>93,113</u>
EXPENDITURES								
Current:								
General government	-	750	-	-	-	-	206,985	-
Public Safety	-	-	-	170,648	-	-	-	138,759
Parks and recreation	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-
Public services and operations	-	-	33,338	-	-	-	-	-
Debt service:								
Principal retirement	-	145,000	-	-	-	-	-	-
Interest	-	148,150	-	-	-	-	-	-
Capital outlays	168,991	-	-	-	-	-	-	-
Total expenditures	<u>168,991</u>	<u>293,900</u>	<u>33,338</u>	<u>170,648</u>	<u>-</u>	<u>-</u>	<u>206,985</u>	<u>138,759</u>
Excess (deficiency) of revenues over (under) expenditures	(164,041)	(12,870)	1,457	(165,494)	1,639	-	335,287	(45,646)
Other Revenues and Financing Sources (Uses)								
Transfers	100,000	-	-	-	-	-	(326,821)	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(326,821)</u>	<u>-</u>
Net Change in Fund Balances	(64,041)	(12,870)	1,457	(165,494)	1,639	-	8,466	(45,646)
Fund Balances, October 1	613,407	(118,641)	21,378	179,428	222,788	-	112,509	42,149
Fund Balances, September 30	<u>\$ 549,366</u>	<u>\$ (131,511)</u>	<u>\$ 22,835</u>	<u>\$ 13,934</u>	<u>\$ 224,427</u>	<u>\$ -</u>	<u>\$ 120,975</u>	<u>\$ (3,497)</u>

**CITY OF MOUNT PLEASANT, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS (continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Park Improvements Fund	Library Fund	Firemen's Relief Fund	Building Fund	Community Improvements	Peg Funds	Total Other Governmental Funds
REVENUE							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,020
Hotel	-	-	-	-	-	-	531,261
Franchise	-	-	-	-	-	26,992	26,992
Donations	-	4,870	-	-	-	-	14,570
Intergovernmental revenues	-	-	-	-	-	-	92,038
Investment income	-	-	-	-	-	1,087	8,072
Miscellaneous	-	990	-	-	-	-	18,939
Total revenues	-	5,860	-	-	-	28,079	996,892
EXPENDITURES							
Current:							
General government	-	-	-	-	5,185	-	212,920
Public Safety	-	-	1,100	-	-	-	310,507
Parks and recreation	325	-	-	-	-	-	325
Libraries	-	5,143	-	-	-	-	5,143
Public services and operations	-	-	-	-	-	-	33,338
Debt service:							
Principal retirement	-	-	-	-	-	-	145,000
Interest	-	-	-	-	-	-	148,150
Capital outlays	70,320	8,518	-	-	105,048	-	352,877
Total expenditures	70,645	13,661	1,100	-	110,233	-	1,208,260
Excess (deficiency) of revenues over (under) expenditures	(70,645)	(7,801)	(1,100)	-	(110,233)	28,079	(211,368)
Other Revenues and Financing Sources (Uses)							
Transfers	-	-	1,100	-	200,000	-	(25,721)
Total Other Financing Sources (Uses)	-	-	1,100	-	200,000	-	(25,721)
Net Change in Fund Balances	(70,645)	(7,801)	-	-	89,767	28,079	(237,089)
Fund Balances, October 1	301,302	14,507	-	-	175,555	208,650	1,773,032
Fund Balances, September 30	\$ 230,657	\$ 6,706	\$ -	\$ -	\$ 265,322	\$ 236,729	\$ 1,535,943

**CITY OF MOUNT PLEASANT, TEXAS
 BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
 SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUE				
Taxes:				
Property	\$ 283,100	\$ 283,100	\$ 279,567	\$ (3,533)
Miscellaneous	2,150	2,150	1,463	(687)
Total Revenues	<u>285,250</u>	<u>285,250</u>	<u>281,030</u>	<u>(4,220)</u>
EXPENDITURES				
General Government	750	750	750	-
Debt service:				
Principal retirement	145,000	145,000	145,000	-
Interest	128,788	128,788	148,150	(19,362)
Total Expenditures	<u>274,538</u>	<u>274,538</u>	<u>293,900</u>	<u>(19,362)</u>
Net Change in Fund Balances	10,712	10,712	(12,870)	(23,582)
Fund Balance, October 1	(118,641)	(118,641)	(118,641)	
Fund Balance, September 30	<u>\$ (107,929)</u>	<u>\$ (107,929)</u>	<u>\$ (131,511)</u>	

**CITY OF MOUNT PLEASANT, TEXAS
 BUDGETARY COMPARISON SCHEDULE - STREET FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUE				
Taxes:				
Franchise	\$ 1,400,000	\$ 1,400,000	\$ 1,164,889	\$ (235,111)
Royalties	390,000	390,000	536,862	146,862
Investment income	12,500	12,500	33,180	20,680
Miscellaneous	3,500	3,500	20,842	17,342
Total Revenues	<u>1,806,000</u>	<u>1,806,000</u>	<u>1,755,773</u>	<u>(50,227)</u>
EXPENDITURES				
Current:				
Public works	1,255,846	1,255,846	1,073,070	182,776
Capital outlays	3,069,923	3,069,923	2,191,429	878,494
Debt service:				
Principal retirement	325,000	325,000	325,000	-
Interest	130,713	130,713	130,713	-
Total Expenditures	<u>4,781,482</u>	<u>4,781,482</u>	<u>3,720,212</u>	<u>1,061,270</u>
Excess (deficiency) of revenues (under) expenditures	(2,975,482)	(2,975,482)	(1,964,439)	1,011,043
Other Financing Sources (uses)				
Transfers	599,517	599,517	551,890	(47,627)
Sale of Assets	5,000	5,000	3,399	3,399
Total Other Financing Sources (uses)	<u>604,517</u>	<u>604,517</u>	<u>555,289</u>	<u>(44,228)</u>
Net Change in Fund Balances	(2,370,965)	(2,370,965)	(1,409,150)	961,815
Fund Balance, October 1	3,703,637	3,703,637	3,703,637	
Fund Balance, September 30	<u>\$ 1,332,672</u>	<u>\$ 1,332,672</u>	<u>\$ 2,294,487</u>	

**CITY OF MOUNT PLEASANT, TEXAS
BALANCE SHEET
MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
SEPTEMBER 30, 2017**

	IDC Operating Fund
ASSETS	
Cash and cash equivalents	\$ 3,251,321
Receivables, net of allowance for uncollectibles	240,327
Total Assets	<u>3,491,648</u>
Liabilities	
Accounts payable	10,702
Accrued expenses	1,784
Other liabilities	-
Total Liabilities	<u>12,486</u>
Fund Balances	
Unassigned	3,479,162
Total Fund Balances	<u>3,479,162</u>
Total Liabilities and Fund Balances	<u>\$ 3,491,648</u>

**CITY OF MOUNT PLEASANT, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
SEPTEMBER 30, 2017**

Total fund balances - governmental funds balance sheet	\$ 3,479,162
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,478,490
Accumulated depreciation has not been included in the governmental fund financial statements.	(1,443,060)
Accrued liabilities for OPEB and net pension obligations have not been included in the fund financial statements.	(180,413)
Deferred inflow/outflow of resources for pension are not reported in the fund financial statements.	38,935
Accrued liabilities for compensated absences have not been included in the fund financial statements.	(22,243)
Notes Payable have not been included in the governmental fund financial statements.	<u>(2,192,652)</u>
Net assets of governmental activities - statement of net position	<u><u>\$ 7,158,219</u></u>

**CITY OF MOUNT PLEASANT, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	IDC Operating Fund
REVENUE	
Sales taxes	\$ 1,462,297
Investment income	21,100
Total Revenues	<u>1,483,397</u>
EXPENDITURES	
Current:	
Economic development	635,186
Debt service:	
Principal retirement	228,164
Interest	94,305
Total Expenditures	<u>957,655</u>
Excess (deficiency) of revenues (under) expenditures	 525,742
OTHER FINANCING SOURCES (USES)	
Transfers	-
Total other financing sources (uses)	<u>-</u>
Net change in fund balance	525,742
Fund Balance, October 1	<u>2,953,420</u>
Fund Balance, September 30	<u><u>\$ 3,479,162</u></u>

**CITY OF MOUNT PLEASANT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
MOUNT PLEASANT INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Net change in fund balance - statement of revenues, expenditures and
changes in fund balance - governmental funds** \$ 525,742

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

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets. (143,013)

Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. (968)

Current year changes in long-term liability for pension and OPEB do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. (12,529)

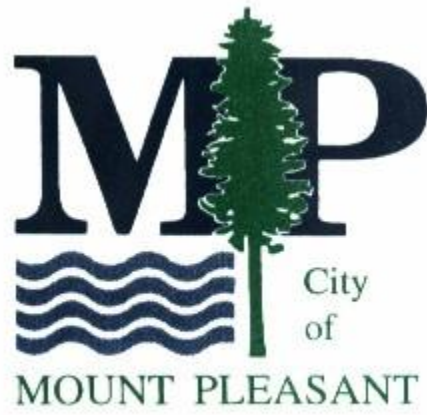
Current year long-term debt principal payments on certificates of obligation are expenditures in the fund financial statements but are shown as a reduction in long-term debt in the government-wide financial statements. 228,164

Change in net position - statement of activities \$ 597,396

**CITY OF MOUNT PLEASANT, TEXAS
 BUDGETARY COMPARISON SCHEDULE - INDUSTRIAL DEVELOPMENT CORPORATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUE				
Sales Taxes	\$ 1,430,950	\$ 1,430,950	\$ 1,462,297	\$ 31,347
Investment Income	10,000	10,000	21,100	11,100
Total Revenues	<u>1,440,950</u>	<u>1,440,950</u>	<u>1,483,397</u>	<u>42,447</u>
EXPENDITURES				
Current:				
Economic Development	979,354	1,218,854	635,186	583,668
Debt Service:				
Principal Retirement	219,078	219,078	228,164	(9,086)
Interest	103,393	103,393	94,305	9,088
Total Expenditures	<u>1,530,425</u>	<u>1,769,925</u>	<u>957,655</u>	<u>812,270</u>
Excess (deficiency) of revenues (under) expenditures	(89,475)	(328,975)	525,742	854,717
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(89,475)	(328,975)	525,742	854,717
Fund Balance, October 1	2,953,420	2,953,420	2,953,420	
Fund Balance, September 30	<u>\$ 2,863,945</u>	<u>\$ 2,624,445</u>	<u>\$ 3,479,162</u>	

STATISTICAL SECTION (UNAUDITED)

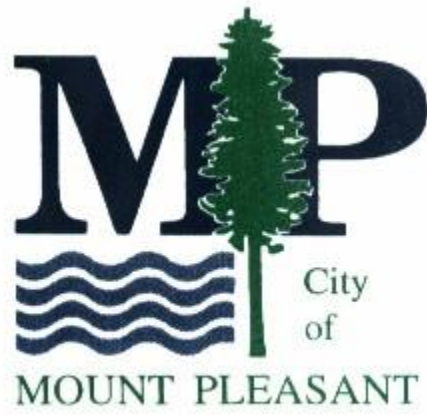


STATISTICAL SECTION (unaudited)

This part of the City of Mount Pleasant's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Table #s</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1,2,3,4,5
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources; property and sales taxes.	6,7,8,9
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10,11,12,13,14
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	15,16
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	17,18,19

Source: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year.



CITY OF MOUNT PLEASANT, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (Accrual basis of accounting)
 (Amounts express in thousands)

Table 1

	FISCAL YEAR				
	2008	2009	2010	2011	2012
Governmental activities:					
Net investment in capital assets	\$ 18,876	\$ 19,226	\$ 20,682	\$ 21,209	\$ 19,274
Restricted	180	145	496	442	543
Unrestricted	8,877	1,722	83	(888)	2,782
Total governmental activities net position	<u>27,933</u>	<u>21,093</u>	<u>21,261</u>	<u>20,763</u>	<u>22,599</u>
Business-type activities:					
Net investment in capital assets	22,735	31,122	31,779	37,381	38,655
Restricted	4,677	4,001	566	1,375	1,375
Unrestricted	8,234	173	5,194	2,156	3,523
Total business-type activities net position	<u>35,646</u>	<u>35,296</u>	<u>37,539</u>	<u>40,912</u>	<u>43,553</u>
Primary government:					
Net investment in capital assets	41,611	50,348	52,461	58,590	57,929
Restricted	4,857	4,146	1,062	1,817	1,918
Unrestricted	17,111	1,895	5,277	1,268	6,305
Total primary government net position	<u>\$ 63,579</u>	<u>\$ 56,389</u>	<u>\$ 58,800</u>	<u>\$ 61,675</u>	<u>\$ 66,152</u>

	FISCAL YEAR				
	2013	2014	2015	2016	2017
Governmental activities:					
Net investment in capital assets	\$ 21,730	\$ 18,382	\$ 18,343	\$ 19,050	\$ 19,753
Restricted	1,477	851	1,553	1,501	2,770
Unrestricted	2,695	3,603	2,062	1,665	(2,139)
Total governmental activities net position	<u>25,902</u>	<u>22,836</u>	<u>21,958</u>	<u>22,216</u>	<u>20,384</u>
Business-type activities:					
Net investment in capital assets	39,616	42,881	41,898	42,430	40,163
Restricted	2,028	1,928	2,125	1,655	1,840
Unrestricted	3,578	1,493	1,286	481	1,476
Total business-type activities net position	<u>45,222</u>	<u>46,302</u>	<u>45,309</u>	<u>44,566</u>	<u>43,479</u>
Primary government:					
Net investment in capital assets	61,346	61,263	60,241	61,480	59,916
Restricted	3,505	2,779	3,678	3,156	4,610
Unrestricted	6,273	5,096	3,348	2,146	(663)
Total primary government net position	<u>\$ 71,124</u>	<u>\$ 69,138</u>	<u>\$ 67,267</u>	<u>\$ 66,782</u>	<u>\$ 63,863</u>

**CITY OF MOUNT PLEASANT, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)**

	FISCAL YEAR				
	2008	2009	2010	2011	2012
EXPENSES					
Governmental activities:					
General government	\$ 1,280,245	\$ 1,346,187	\$ 1,419,361	\$ 1,580,066	\$ 710,022
Public Safety	4,424,296	5,154,158	5,528,736	5,542,704	5,454,951
Development	858,365	449,828	-	-	-
Public Services	2,817,683	400,319	550,832	560,268	589,987
Parks and Recreation	600,649	661,703	645,176	589,451	636,896
Public Works	2,398,964	1,690,435	1,888,613	1,712,499	2,027,932
Library	276,983	318,521	317,184	345,792	429,421
Other	53,199	-	-	-	-
Interest and Agent Fees	26,815	214,731	14,278	140,926	191,196
Unallocated Depreciation	-	-	-	-	-
Total governmental activities expenses	<u>12,737,199</u>	<u>10,235,882</u>	<u>10,364,180</u>	<u>10,471,706</u>	<u>10,040,405</u>
Business-type activities:					
Water and Sewer	5,949,711	7,427,555	7,712,928	7,892,475	7,814,169
Airport Fund	1,329,657	925,797	1,058,856	1,254,857	1,417,079
Civic Center	298,228	304,972	332,033	352,766	335,127
Total business-type activities expenses	<u>7,577,596</u>	<u>8,658,324</u>	<u>9,103,817</u>	<u>9,500,098</u>	<u>9,566,375</u>
Total primary government expenses	<u>20,314,795</u>	<u>18,894,206</u>	<u>19,467,997</u>	<u>19,971,804</u>	<u>19,606,780</u>
PROGRAM REVENUES					
Governmental activities:					
Charge for services:					
General government	-	-	-	5,900	96,024
Public Safety	-	773,541	1,096,930	822,194	742,336
Public Services	358,054	18,507	21,799	19,086	23,164
Public Works	2,439,669	124,595	111,243	109,390	130,850
Parks and Recreation	48,378	39,970	46,975	57,973	56,012
Library	7,434	7,418	6,380	5,858	5,856
Other	320,988	-	-	-	-
Capital grants and contributions	-	17,709	90,680	42,939	-
Operating grants and contributions	35,986	20,434	11,434	44,016	127,092
Total governmental activities program revenues	<u>3,210,509</u>	<u>1,002,174</u>	<u>1,385,441</u>	<u>1,107,356</u>	<u>1,181,334</u>
Business-type activities:					
Charge for services:					
Water and Sewer	7,633,306	9,529,053	10,920,944	10,727,984	11,352,828
Airport Fund	1,128,997	573,912	738,353	805,360	890,522
Civic Center	81,239	72,089	67,397	77,367	69,904
Operating grants and contributions	-	12,419	5,134	3,451	6,799
Capital grants and contributions	3,192,494	-	79,516	1,521,436	259,637
Total business-type activities program services	<u>12,036,036</u>	<u>10,187,473</u>	<u>11,811,344</u>	<u>13,135,598</u>	<u>12,579,690</u>
Total primary government program revenues	<u>15,246,545</u>	<u>11,189,647</u>	<u>13,196,785</u>	<u>14,242,954</u>	<u>13,761,024</u>
NET (EXPENSE)/REVENUE					
Governmental activities	(9,526,690)	(9,233,708)	(8,978,739)	(9,364,350)	(8,859,071)
Business-type activities	4,458,440	1,529,149	2,707,527	3,635,500	3,013,315
Total primary government program net expenses	<u>\$ (5,068,250)</u>	<u>\$ (7,704,559)</u>	<u>\$ (6,271,212)</u>	<u>\$ (5,728,850)</u>	<u>\$ (5,845,756)</u>

Table 2

FISCAL YEAR				
2013	2014	2015	2016	2017
\$ 1,005,623	\$ 1,035,616	\$ 1,710,938	\$ 2,008,181	\$ 2,327,564
5,949,251	5,918,178	5,883,502	6,540,258	7,159,767
-	-	-	-	-
644,860	711,463	562,802	621,795	704,173
635,751	699,388	648,588	690,461	701,994
1,986,283	5,366,980	1,740,343	1,826,322	1,762,260
789,171	562,332	564,061	611,154	668,071
-	-	-	-	-
193,767	278,887	277,200	259,199	278,863
-	-	-	-	-
<u>11,204,706</u>	<u>14,572,844</u>	<u>11,387,434</u>	<u>12,557,370</u>	<u>13,602,692</u>
7,967,467	8,637,099	8,687,052	9,057,408	9,534,141
1,448,971	1,426,482	1,392,013	1,275,439	1,284,235
390,400	501,263	527,404	524,076	507,477
<u>9,806,838</u>	<u>10,564,844</u>	<u>10,606,469</u>	<u>10,856,923</u>	<u>11,325,853</u>
21,011,544	25,137,688	21,993,903	23,414,293	24,928,545
20,240	27,081	25,770	25,078	26,992
640,974	851,275	1,007,322	977,419	1,369,290
26,731	49,334	37,142	36,498	42,754
127,103	147,847	166,749	143,165	177,241
54,941	50,167	54,339	57,559	47,675
7,722	8,492	6,604	4,286	4,620
-	-	-	-	-
115,798	35,000	173,136	-	-
455,778	551,299	578,337	691,059	757,224
<u>1,449,287</u>	<u>1,720,495</u>	<u>2,049,399</u>	<u>1,935,064</u>	<u>2,425,796</u>
11,137,004	9,838,779	10,004,701	9,776,518	10,353,769
1,033,470	968,808	898,846	897,508	840,575
97,670	102,401	79,515	88,981	89,430
2,497	15,432	22,336	27,612	7,506
670,989	1,264,583	-	-	-
<u>12,941,630</u>	<u>12,190,003</u>	<u>11,005,398</u>	<u>10,790,619</u>	<u>11,291,280</u>
14,390,917	13,910,498	13,054,797	12,725,683	13,717,076
(9,755,419)	(12,852,349)	(9,338,035)	(10,622,306)	(11,176,896)
3,134,792	1,625,159	398,929	(66,304)	(34,573)
<u>\$ (6,620,627)</u>	<u>\$ (11,227,190)</u>	<u>\$ (8,939,106)</u>	<u>\$ (10,688,610)</u>	<u>\$ (11,211,469)</u>

(continued)

**CITY OF MOUNT PLEASANT, TEXAS
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)**

	FISCAL YEAR				
	2008	2009	2010	2011	2012
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property	\$ 2,329,224	\$ 2,434,536	\$ 2,599,962	\$ 2,510,012	\$ 2,534,546
Sales	4,246,476	4,925,639	3,377,527	3,241,174	3,439,300
Non-property	871,223	543,610	333,761	343,781	572,785
Franchise	1,337,432	1,289,741	1,324,057	1,265,651	1,231,092
Investment Income	282,970	75,320	17,323	18,453	10,738
Intragovernmental	120,536	299,460	-	-	-
Donations	-	1,950	-	-	-
Miscellaneous	124,488	706,811	88,359	150,080	170,200
Contractual Income	376,630	322,898	393,733	398,190	407,160
Royalties	-	-	332,918	346,002	379,497
Sale of Assets	136,844	11,035	35,838	-	-
Transfers	393,911	205,260	541,348	592,655	488,437
Total governmental activities	<u>10,219,734</u>	<u>10,816,260</u>	<u>9,044,826</u>	<u>8,865,998</u>	<u>9,233,755</u>
Business-type activities:					
Investment Income	262,560	94,341	21,041	17,113	19,112
Donations	1,450	-	-	-	-
Miscellaneous	103,212	126,610	83,327	65,707	54,636
Extraordinary Income	-	-	-	-	-
Intragovernmental Revenue	-	-	25,000	248,000	-
Sale of Assets	56,247	1,529	6,702	-	-
Transfers	(393,911)	(205,260)	(541,348)	(592,655)	(488,437)
Total business-type activities	<u>29,558</u>	<u>17,220</u>	<u>(405,278)</u>	<u>(261,835)</u>	<u>(414,689)</u>
Total primary government	<u>10,249,292</u>	<u>10,833,480</u>	<u>8,639,548</u>	<u>8,604,163</u>	<u>8,819,066</u>
CHANGE IN NET POSITION					
Governmental activities	693,044	1,582,552	66,087	(498,352)	374,684
Business-type activities	4,487,998	1,546,369	2,302,249	3,373,665	2,598,626
	<u>\$ 5,181,042</u>	<u>\$ 3,128,921</u>	<u>\$ 2,368,336</u>	<u>\$ 2,875,313</u>	<u>\$ 2,973,310</u>

Table 2
(continued)

FISCAL YEAR				
2013	2014	2015	2016	2017
\$ 2,521,965	\$ 2,825,580	\$ 2,960,832	\$ 3,074,506	\$ 3,058,493
3,506,284	3,751,025	3,926,335	4,302,977	4,386,891
520,940	574,896	568,608	583,520	564,708
1,229,627	1,269,554	1,255,336	1,179,533	1,164,889
22,489	8,892	8,286	34,226	80,535
-	-	-	-	-
-	-	-	-	-
128,022	137,542	157,458	572,289	114,768
-	-	-	-	-
382,347	380,154	388,322	376,883	536,862
-	-	-	-	-
843,608	839,197	650,975	756,116	848,173
<u>9,155,282</u>	<u>9,786,840</u>	<u>9,916,152</u>	<u>10,880,050</u>	<u>10,755,319</u>
13,394	8,058	6,514	22,617	41,094
-	-	-	-	-
77,738	285,030	145,916	56,380	291,889
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(843,608)</u>	<u>(839,197)</u>	<u>(650,975)</u>	<u>(756,116)</u>	<u>(848,173)</u>
<u>(752,476)</u>	<u>(546,109)</u>	<u>(498,545)</u>	<u>(677,119)</u>	<u>(515,190)</u>
<u>8,402,806</u>	<u>9,240,731</u>	<u>9,417,607</u>	<u>10,202,931</u>	<u>10,240,129</u>
(600,137)	(3,065,509)	578,117	257,744	(421,577)
<u>2,382,316</u>	<u>1,079,050</u>	<u>(99,616)</u>	<u>(743,423)</u>	<u>(549,763)</u>
<u>\$ 1,782,179</u>	<u>\$ (1,986,459)</u>	<u>\$ 478,501</u>	<u>\$ (485,679)</u>	<u>\$ (971,340)</u>

CITY OF MOUNT PLEASANT, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Other Taxes	Total
2008	\$ 2,329,224	\$ 4,246,476	\$ 1,337,432	\$ 871,223	\$ 8,784,355
2009	2,434,536	4,925,639	1,289,741	543,610	9,193,526
2010	2,599,962	3,377,527	1,324,057	333,761	7,635,307
2011	2,510,012	3,241,174	1,265,651	343,761	7,360,598
2012	2,534,546	3,439,300	1,231,092	572,785	7,777,723
2013	2,521,965	3,506,284	1,229,627	520,940	7,778,816
2014	2,825,580	3,751,025	1,269,554	574,896	8,421,055
2015	2,960,832	3,926,335	1,255,336	568,608	8,711,111
2016	3,074,506	4,302,977	1,179,533	583,520	9,140,536
2017	3,058,493	4,386,891	1,164,889	564,708	9,174,981

Note 1: The Mount Pleasant Industrial Development Corporation was reclassified as a discretely presented component unit during FYE 9.30.10. As such, the sales tax revenues presented above for fiscal years subsequent to 2009 only include the sales tax revenue reported in the Governmental Funds. All years up through FYE 9.30.09 include the sales tax revenue received by the Governmental Funds and the component unit.

CITY OF MOUNT PLEASANT, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

Table 4

	FISCAL YEAR				
	2008	2009	2010	2011	2012
General Fund					
Nonspendable-prepaid items	\$ -	\$ -	\$ 113,827	\$ 26,853	\$ 20,233
Restricted					
Court use	-	101,778	133,765	150,827	139,736
Unassigned	3,331,839	2,921,056	2,299,481	2,087,125	2,323,844
Total General Fund	<u>3,331,839</u>	<u>3,022,834</u>	<u>2,547,073</u>	<u>2,264,805</u>	<u>2,483,813</u>

All other governmental funds					
Restricted for:					
Debt Service	-	-	28,040	9,603	-
Capital projects	-	42,958	4,458,789	2,527,107	3,602
Hotel/Motel	-	-	-	92,501	177,899
Business Development	-	-	-	-	221,636
Assigned to:					
Public Safety	-	-	-	189,162	146,115
Capital projects	3,503,803	3,641,851	897,707	3,345,688	3,599,623
Library	-	-	-	-	36,190
Other	434,084	156,688	-	-	-
Unassigned	2,048,894	2,356,786	3,180,482	226,845	(53,431)
Total all other governmental funds	<u>\$ 5,986,781</u>	<u>\$ 6,198,283</u>	<u>\$ 8,565,018</u>	<u>\$ 6,390,906</u>	<u>\$ 4,131,634</u>

	FISCAL YEAR				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable-prepaid items	\$ 15,241	\$ 7,202	\$ 23,253	\$ 6,161	\$ 9,117
Restricted					
Court use	182,868	115,753	143,626	171,771	174,149
Debt Service	790,691	168,520	803,085	764,089	815,483
Committed - Public Safety	-	-	16,551	19,252	23,816
Unassigned	1,427,882	2,164,685	1,928,156	2,048,570	1,763,186
Total General Fund	<u>2,416,682</u>	<u>2,456,160</u>	<u>2,914,671</u>	<u>3,009,843</u>	<u>2,785,751</u>

All other governmental funds					
Restricted for:					
Debt Service	-	-	-	-	-
Community Development	-	-	82,868	107,946	134,938
Cemetery	-	-	16,802	21,378	22,835
Hotel/Motel	151,067	187,686	185,299	112,509	120,975
Business Development	221,850	221,994	222,154	222,788	224,427
Capital projects	7,297,379	2,278,490	-	-	-
Library	-	-	10,000	10,000	-
Assigned to:					
Public Safety	103,004	67,380	49,776	221,577	10,437
Capital projects	2,920,571	3,251,938	5,105,879	4,317,044	2,843,853
Community Development	-	-	396,346	276,259	367,113
Library	26,393	21,864	15,602	4,507	6,706
Parks	235,886	202,787	91,356	301,302	230,657
Other	-	112,007	-	-	-
Unassigned	(106,717)	(134,924)	(130,886)	(118,641)	(131,511)
Total all other governmental funds	<u>\$ 10,849,433</u>	<u>\$ 6,209,222</u>	<u>\$ 6,045,196</u>	<u>\$ 5,476,669</u>	<u>\$ 3,830,430</u>

CITY OF MOUNT PLEASANT, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	FISCAL YEAR				
	2008	2009	2010	2011	2012
REVENUES					
Property taxes	\$ 2,329,225	\$ 2,235,914	\$ 2,645,678	\$ 2,499,765	\$ 2,549,057
Non-Property taxes	871,223	543,610	333,761	343,781	572,785
Sales tax	4,246,475	4,925,639	3,377,527	3,241,174	3,439,300
Franchise taxes	1,337,432	1,289,741	1,324,057	1,265,651	1,231,092
Fines and Forfeitures	8,934	780,959	1,103,310	828,052	748,191
Licenses and Permits	115,768	55,387	41,225	39,300	58,924
Charge for Services	2,689,823	127,685	138,792	147,149	151,102
Intergovernmental revenues-local & state	156,522	337,603	93,156	78,575	114,148
Grants	-	-	-	-	-
Donations	-	1,950	8,957	8,380	12,944
Contractual Income	376,630	322,898	393,733	398,190	407,160
Royalties	-	-	332,918	346,002	379,497
Investment Income	279,327	72,272	14,886	18,453	10,738
Miscellaneous	507,665	729,986	123,744	171,448	218,758
Total Revenues	12,919,024	11,423,644	9,931,744	9,385,920	9,893,696
EXPENDITURES					
General government	1,192,567	1,220,006	1,003,716	889,954	819,678
Public Safety	4,156,469	4,888,084	5,227,464	5,236,970	5,121,102
Public Works	2,049,886	2,658,388	1,370,795	1,095,753	1,291,359
Public Services and Operations	3,537,461	400,319	550,832	560,268	589,987
Parks and Recreation	260	577,867	570,569	581,013	570,019
Library	-	264,823	260,577	285,258	289,086
Economic Development	504,754	324,005	-	-	-
Capital Outlay	815,497	601,649	2,428,539	3,571,300	3,734,979
Debt Service					
Principal Retirement	556,896	590,909	190,000	115,000	80,000
Interest and other charges	243,600	216,257	8,764	106,341	191,196
Total Expenditures	13,057,390	11,742,307	11,611,256	12,441,857	12,687,406
OTHER FINANCING SOURCES (USES):					
Transfers	247,606	205,260	541,348	592,656	488,437
Debt Proceeds	-	-	4,500,000	-	-
Debt Issuance Costs	-	-	(42,210)	-	-
Sale of Assets	174,468	17,069	132,721	5,900	265,009
Total other financing sources (uses)	422,074	222,329	5,131,859	598,556	753,446
NET CHANGE IN FUND BALANCES	\$ 283,708	\$ (96,334)	\$ 3,452,347	\$ (2,457,381)	\$ (2,040,264)
Debt service as a percentage of noncapital expenditures	7.00%	7.81%	2.21%	2.56%	3.12%

Table 5

FISCAL YEAR				
2013	2014	2015	2016	2017
\$ 2,634,672	\$ 2,745,472	\$ 2,960,832	\$ 3,098,745	\$ 3,092,727
520,940	574,896	568,608	583,520	564,708
3,506,284	3,751,025	3,926,335	4,302,977	4,386,891
1,249,867	1,296,635	1,281,106	1,204,611	1,191,881
648,697	752,660	890,505	959,116	1,332,587
55,023	74,102	94,035	68,674	102,397
153,752	173,247	164,194	168,547	165,273
374,681	476,189	662,968	610,427	693,436
68,160	35,222	47,730	41,381	46,289
12,937	39,888	40,775	39,250	17,499
-	-	-	-	-
382,347	380,154	388,322	376,883	536,862
22,489	8,892	8,286	34,227	80,535
128,020	182,215	280,880	618,555	123,081
<u>9,757,869</u>	<u>10,490,597</u>	<u>11,314,576</u>	<u>12,106,913</u>	<u>12,334,166</u>
935,336	951,490	1,023,895	1,125,153	1,011,680
5,430,193	5,682,460	5,818,590	6,621,607	7,365,738
1,201,706	4,803,732	1,243,239	1,306,901	1,229,536
632,170	686,206	574,836	684,779	740,021
562,024	596,964	621,345	693,048	685,938
301,417	313,559	328,002	320,013	389,364
-	-	-	-	-
1,750,310	2,243,319	1,490,095	1,938,566	2,961,404
240,000	410,000	434,121	467,363	481,739
257,064	312,713	277,200	259,200	279,487
<u>11,310,220</u>	<u>16,000,443</u>	<u>11,811,323</u>	<u>13,416,630</u>	<u>15,144,907</u>
843,608	839,197	650,976	827,313	912,923
7,160,000	-	-	-	-
-	-	28,127	-	-
195,211	69,917	112,129	9,049	27,487
<u>8,198,819</u>	<u>909,114</u>	<u>791,232</u>	<u>836,362</u>	<u>940,410</u>
<u>\$ 6,646,468</u>	<u>\$ (4,600,732)</u>	<u>\$ 294,485</u>	<u>\$ (473,355)</u>	<u>\$ (1,870,331)</u>
<u>5.48%</u>	<u>5.54%</u>	<u>7.40%</u>	<u>6.76%</u>	<u>6.66%</u>

**CITY OF MOUNT PLEASANT, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (unaudited)**

Fiscal Year Ended Sept. 30	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value ¹ as a Percentage of Actual Value
	Residential Property	Commercial Property						
2008	\$ 344,979,828	\$ 372,361,440	\$ 216,962,284	\$ 193,715,363	\$ 740,588,189	\$ 0.309927	\$ 934,303,552	79.27%
2009	383,894,230	404,783,387	235,590,065	219,299,308	804,968,374	0.310000	1,073,303,703	78.59%
2010	400,602,235	453,232,169	236,708,994	248,789,262	841,754,136	0.310000	1,073,303,703	77.19%
2011	491,211,615	329,674,800	253,413,324	255,929,330	818,370,409	0.310000	1,073,303,703	76.18%
2012	372,323,968	454,511,662	218,024,227	251,304,726	793,555,131	0.316500	1,073,303,703	75.95%
2013	370,349,021	460,541,821	242,412,861	265,044,461	808,259,242	0.316500	1,073,303,703	75.31%
2014	382,278,082	505,820,208	196,777,198	268,324,956	816,550,532	0.343300	1,084,875,488	75.27%
2015	314,803,249	517,758,489	277,414,497	259,605,301	850,370,934	0.343700	1,109,976,235	76.61%
2016	323,248,259	552,798,716	302,583,248	271,046,415	907,583,808	0.343700	1,178,630,223	77.00%
2017	353,336,092	580,330,978	301,341,991	305,600,799	929,408,262	0.343700	1,235,009,061	75.26%

Source: Titus County Appraisal District

Note 1: Tax rates are per \$100 of assessed value.

¹ Includes tax-exempt property

**CITY OF MOUNT PLEASANT, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(PER \$100 OF ASSESSED VALUE)
(UNAUDITED)**

Table 7

Fiscal Year Ended Sept. 30	City Direct Rates			Overlapping Rates *				
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Mt Pleasant Independent School District	Titus County	Northeast Texas Community College	Titus County Regional Medical Hospital	
2008	\$ 0.291394	\$ 0.01853	\$ 0.309927	\$ 1.195	\$ 0.33928	\$ 0.091582	\$ 0.1308	
2009	0.285000	0.02500	0.310000	1.184	0.33900	0.097119	0.1287	
2010	0.285000	0.02500	0.310000	1.184	0.33900	0.097119	0.1287	
2011	0.285000	0.02500	0.310000	1.184	0.33900	0.097119	0.1287	
2012	0.290900	0.02560	0.316500	1.225	0.38720	0.099997	0.1440	
2013	0.288600	0.02790	0.316500	1.203	0.39990	0.100000	0.1440	
2014	0.313500	0.02980	0.343300	1.212	0.41820	0.099500	0.1590	
2015	0.313900	0.02980	0.343700	1.212	0.44750	0.130000	0.1719	
2016	0.313900	0.02980	0.343700	1.212	0.44750	0.130000	0.1719	
2017	0.314000	0.02970	0.343700	1.239	0.47900	0.130000	0.2069	

Source: Titus County Appraisal District

Note 1: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

**CITY OF MOUNT PLEASANT, TEXAS
 PRINCIPAL PROPERTY TAXPAYERS
 SEPTEMBER 30, 2017
 (unaudited)**

Table 8

Taxpayer	Total Assessed Taxable Value 2017 Fiscal Year	Rank	Percentage of Assessed Taxable Value
Pilgrims	\$ 79,122,150	1	8.51%
Priefert Mfg Company	49,039,720	2	5.28%
Wal-Mart Real Estate Business	10,132,554	3	1.09%
AEP Southwestern Electric Power	10,062,700	4	1.08%
Newly Weds Food	9,800,820	5	1.05%
Dekoran Wire & Cable Inc	8,340,030	6	0.90%
Trans Texas Tire LLC	7,631,379	7	0.82%
Cypress Creek, LLC	6,684,230	8	0.72%
Prilgrim Bank	6,405,608	9	0.69%
Lowes Home Center Inc	6,322,557	10	0.68%
	<u>\$ 193,541,748</u>		<u>20.82%</u>
 Total Assessed Valuation	 <u>\$ 929,408,262</u>		

Source: Titus County Appraisal District

**CITY OF MOUNT PLEASANT, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(unaudited)**

Table 9

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	\$ 2,303,544	\$ 2,240,007	97.24%	\$ 60,968	\$ 2,300,975	99.89%
2009	2,409,604	2,313,054	95.99%	93,940	2,406,994	99.89%
2010	2,592,967	2,467,744	95.17%	119,752	2,587,496	99.79%
2011	2,474,082	2,403,455	97.15%	65,613	2,469,068	99.80%
2012	2,511,602	2,424,374	96.53%	81,529	2,505,903	99.77%
2013	2,558,141	2,424,374	94.77%	125,890	2,550,264	99.69%
2014	2,803,218	2,678,998	95.57%	110,866	2,789,864	99.52%
2015	2,922,725	2,838,201	97.11%	68,626	2,906,827	99.46%
2016	3,119,366	2,997,798	96.10%	93,493	3,091,291	99.10%
2017	3,096,873	3,023,036	97.62%	-	3,023,036	97.62%

Source: Titus County Appraisal District

**CITY OF MOUNT PLEASANT, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(unaudited)**

Table 10

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Certificates of Obligation	General Obligation Bonds	Other Obligations	General Obligation Bonds	Certificates of Obligation	Revenue Bonds (2)	Other Obligations			
2008	\$ 370,000	\$ -	\$ 4,344,214	\$ 4,550,000	\$ 175,000	\$ 8,370,000	\$ -	\$ 17,809,214	8.36%	1,186
2009	190,000	-	3,933,305	3,550,000	120,000	8,100,000	-	15,893,305	7.37%	1,045
2010	4,500,000	-	-	2,535,000	60,000	12,838,986	-	19,933,986	9.24%	1,311
2011	4,385,000	-	-	1,290,000	-	22,017,139	-	27,692,139	11.55%	1,797
2012	4,305,000	-	-	-	-	30,685,490	-	34,990,490	14.05%	2,248
2013	11,303,617	-	-	-	-	29,528,277	-	40,831,894	15.87%	2,539
2014	10,887,111	-	-	-	-	28,346,064	-	39,233,175	15.22%	2,435
2015	10,448,100	-	24,005	-	-	27,144,548	24,005	37,640,658	14.91%	2,339
2016	9,986,344	-	11,642	-	-	25,913,032	11,642	35,922,660	12.86%	2,208
2017	9,509,488	-	35,260	3,020,859	-	21,625,000	35,260	34,225,867	11.95%	2,051

(1) See Table 15 for personal income and population data.

(2) Revenue bonds include the related issuance premium and discount

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF MOUNT PLEASANT, TEXAS
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS
(unaudited)**

Table 11

Fiscal Year	Estimated Population	Taxable Assessed Value ²	Gross Bonded Debt ³	Less Debt Service Funds	Net Outstanding Debt	% of Net Outstanding Debt to Assessed Value	Net Outstanding Debt per Capita
2008	15,011	\$ 740,588,189	\$ 12,920,000	\$ 1,505,000	\$ 11,415,000	1.54%	\$ 760
2009	15,202	804,970,374	11,650,000	1,568,601	10,081,399	1.25%	663
2010	15,202	841,754,136	19,933,987	1,608,598	18,325,389	2.18%	1,205
2011	15,564	1,011,350,098	27,692,139	9,603	27,682,536	2.74%	1,779
2012	15,564	793,555,131	34,990,490	1,374,923	33,615,567	4.24%	2,160
2013	16,081	808,259,242	40,831,894	2,818,474	38,013,420	4.70%	2,364
2014	16,113	816,550,532	39,233,175	2,096,277	37,136,898	4.55%	2,305
2015	16,091	850,370,934	37,592,648	2,928,405	34,664,243	4.08%	2,154
2016	16,273	907,583,808	35,899,376	161,709	35,737,667	3.94%	2,196
2017	16,686	929,408,262	34,155,347	150,827	34,004,520	3.66%	2,038

Source:

- ¹ State of Texas
- ² Titus County Appraisal District
- ³ Schedule of Bonds Payable and Total Bonds for Fiscal Year

**CITY OF MOUNT PLEASANT, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2017
(unaudited)**

Table 12

Governmental Subdivision	Net Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Harts Bluff ISD	\$ -	48.52%	\$ -
Titus County	126,900,000 *	39.99%	50,747,310
Northeast Texas Community College	27,829,903 *	23.02%	6,406,444
Mt Pleasant Independent School District	<u>51,887,656 *</u>	55.22%	<u>28,652,364</u>
	<u>\$ 206,617,559</u>		85,806,117
City of Mt Pleasant			<u>12,565,607</u>
			<u>\$ 98,371,724</u>
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			<u>10.58%</u>
Per capita overlapping bonded debt			<u>\$ 5,895</u>

*Gross Debt

Source: "Texas Municipal Report" as of September 30, 2017, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mount Pleasant. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the overlapping government's total taxable assessed value.

**CITY OF MOUNT PLEASANT, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(unaudited)**

Table 13

	FISCAL YEAR				
	2008	2009	2010	2011	2012
Tax Rate Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	0.309927	0.3100	0.3100	0.3100	0.3165
Available Tax Rate	<u>\$ 2.19007</u>	<u>\$ 2.1900</u>	<u>\$ 2.1900</u>	<u>\$ 2.1900</u>	<u>\$ 2.1835</u>

	FISCAL YEAR				
	2013	2014	2015	2016	2017
Tax Rate Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	0.3165	0.3437	0.3437	0.3437	0.3437
Available Tax Rate	<u>\$ 2.1835</u>	<u>\$ 2.1563</u>	<u>\$ 2.1563</u>	<u>\$ 2.1563</u>	<u>\$ 2.1563</u>

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 929,408,262
Add back exempt real property	305,600,799
Total assessed value	<u>\$ 1,235,009,061</u>
Debt limit (10% of total assessed value)	\$ 123,500,906
Debt applicable to limit:	
General obligation bonds	34,155,347
Less: Amount set aside for repayment of general obligation debt	<u>150,827</u>
Total net debt applicable to limit	<u>34,004,520</u>
Legal debt margin	<u>\$ 89,496,386</u>

**CITY OF MOUNT PLEASANT, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (unaudited)**

Table 14

Water and Sewer Revenue Bonds						
Fiscal Year	Total Revenues ^a	Less: Operating Expenses ^b	Net Available Revenue ^c	Debt Service		Times Coverage
				Principal	Interest	
2008	\$ 7,704,792	\$ 4,960,520	\$ 2,744,272	\$ 270,000	\$ 333,255	4.55
2009	9,595,035	5,982,739	3,612,296	215,000	325,055	6.69
2010	11,002,858	6,334,436	4,668,422	4,500,000	351,946	0.96
2011	11,742,128	7,942,319	3,799,809	1,530,000	405,109	1.96
2012	11,402,491	6,364,400	5,038,091	1,160,000	363,185	3.31
2013	12,402,521	7,856,676	4,545,845	1,185,000	339,910	2.98
2014	10,126,495	6,849,580	3,276,915	1,205,000	368,329	2.08
2015	10,148,404	7,129,738	3,018,666	1,235,000	342,428	1.91
2016	9,820,646	6,843,140	2,977,506	1,260,000	341,483	1.86
2017	10,621,511	7,223,990	3,397,521	1,320,000	261,972	2.15

Note:

^a Total Revenues does not include non-operating revenues

^b Operating Expenses only-no transfers or depreciation

^c Includes Principal and Interest

**CITY OF MOUNT PLEASANT, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (unaudited)**

Table 15

<u>Fiscal Year</u>	<u>Estimated Population ¹</u>	<u>Personal Income</u>	<u>Per Capita Income ²</u>	<u>Average Age ³</u>	<u>Grade School Enrollment ⁴</u>	<u>Unemployment Rate ⁵</u>
2008	15,011	\$ 213,006,090	\$ 14,190	30.1	3,415	3.70%
2009	15,202	215,716,380	14,190	32.0	3,418	9.60%
2010	15,202	215,716,380	14,190	32.0	3,388	7.00%
2011	15,564	239,856,804	15,411	29.9	3,405	7.60%
2012	15,564	249,024,000	16,000	29.9	3,370	7.00%
2013	16,081	257,296,000	16,000	29.9	3,255	6.50%
2014	16,113	257,808,000	16,000	28.3	3,276	6.90%
2015	16,091	253,626,342	15,762	29.2	3,381	5.73%
2016	16,273	279,326,045	17,165	30.1	3,415	6.90%
2017	16,686	286,415,190	17,165	30.5	3,400	6.90%

Sources:

¹ State of Texas

² US Census

³ US Census

⁴ Mt. Pleasant ISD (K-8 grades)

⁵ Texas Workforce Commission

**CITY OF MOUNT PLEASANT, TEXAS
 PRINCIPAL EMPLOYERS
 SEPTEMBER 30, 2017
 (unaudited)**

Table 16

<u>Name of Employer</u>	<u>No. of Employees</u>
Pilgrim's Pride	3,197
Mount Pleasant ISD	1,003
Priefert Mfg., Inc.	988
Titus Regional Medical Center	700
Big Tex Trailer Mfg., Inc.	650
Walmart	384
Diamond C Trailers	310
Luminant Electric Generation and Mining	210
AEP/SWEPCO	170
City of Mount Pleasant	160
Guaranty Bank & Trust	160
Titus County	140

Source: Economic Development Office

CITY OF MOUNT PLEASANT, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

Table 17

Full-time Equivalent Employees for Fiscal Year

Function / Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	5	5	5	5	5	6	4	4	4	4
Public Safety										
<i>Municipal Court</i>	4	4	4	3	3	3	3	3	3	3
<i>Police</i>	40	42	42	42	42	42	41	44	45	45
<i>Fire</i>	23	23	23	23	23	23	23	26	26	29
Planning/Building & Development	4	4	4	1	1	1	1	1	1	1
Library	4	4	4	4	4	4	4	5	5	5
Parks and Recreation	7	8	8	8	7	7	9	9	9	10
Public Works										
<i>Streets</i>	10	10	10	10	10	10	10	10	10	8
<i>Engineering</i>	3	2	1	1	1	1	1	1	1	1
<i>Maintenance</i>	6	6	7	7	7	7	7	7	7	7
Public Services										
<i>Animal Control</i>	3	3	3	3	3	3	3	3	4	4
<i>Code Enforcement</i>	4	4	4	4	4	4	4	4	4	4
Water/Wastewater										
<i>Administration</i>	5	5	4	4	4	4	4	4	6	6
<i>Water</i>	8	8	7	7	8	8	9	9	10	9
<i>Wastewater</i>	2	3	3	3	3	3	3	3	3	3
<i>Utility Department</i>	15	15	14	14	15	15	15	15	14	11
Civic Center	4	4	4	4	4	4	4	4	5	5
Airport	3	3	3	3	3	3	3	3	3	3
Economic Development	1	1	1	1	1	2	2	2	2	2
	<u>151</u>	<u>154</u>	<u>151</u>	<u>147</u>	<u>148</u>	<u>150</u>	<u>150</u>	<u>157</u>	<u>162</u>	<u>160</u>

Source: City of Mt Pleasant's Operating Budget

**CITY OF MOUNT PLEASANT, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)**

Table 18

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Municipal Court										
Number of cases filed	8,055	6,347	7,594	6,096	5,310	7,318	7,517	5,807	7,668	8,325
Police										
Physical Arrests	1,560	1,630	1,535	1,632	1,469	1,416	1,256	961	1,440	1,558
Traffic Violations	5,159	4,002	4,385	3,984	3,568	3,610	3,493	6,073	9,899	10,846
Fire										
Number of calls answered	958	973	1,311	1,360	1,351	1,380	1,166	1,064	1,092	898
Number of inspections	569	778	472	474	242	330	488	401	388	358
Animal Control										
Number of calls	2,027	2,312	2,115	1,807	938	1,015	781	774	834	815
Public Works										
Number of streets maintained	272	264	272	272	272	293	293	250	282	282
Water										
New connections	26	14	25	12	28	23	25	120	17	27
Average daily consumption (millions of gallons)	7.3	6.7	7.1	7.9	7.2	7.3	7.8	6	6.45	6.32
Wastewater										
Average daily sewage treatment (millions of gallons)	1.9	2.1	1.6	1.4	1.6	1.8	1.7	2.1	2.1	2.1

Source: City departments

Note 1: Indicators are not available for the general government function

**CITY OF MOUNT PLEASANT, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(unaudited)**

Table 19

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	12	12	12	12	12	12	12	12
Fire Stations	2	2	2	2	2	2	2	2	2	2
Streets (miles)	85	85	85	85	85	105.3	105.9	110.4	110.4	110.4
Parks and Recreation										
Parks (acreage)	187.9	187.9	187.9	187.9	187.9	188.08	188.08	188.08	188.08	188.08
Number of playgrounds	6	6	6	6	6	6	6	6	6	6
Number of baseball/softball fields maintained	20	20	20	20	20	20	20	20	20	20
Water										
Water main (miles)	200	200	200	200	200	205	205	205	205	205
Number of fire hydrants	650	900	900	900	900	900	900	900	900	900
Storage capacity (millions of gallons)	6.2	6.2	6.2	6.2	6.2	7.2	7.2	7.6	7.6	7.6
Sewer										
Sanitary sewers (miles)	185	185	185	185	185	185	185	185	190	190
Airport										
Runways maintained (feet)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000

Source: City departments

