



City of Mount Pleasant

Comprehensive Annual Financial Report

For the Year Ended September 30, 2020



Prepared By:

Finance Department

Miykael Reeve, CGFO, CGFM
Director of Finance

City of Mount Pleasant, Texas

TABLE OF CONTENTS

September 30, 2020

INTRODUCTORY SECTION

Letter of Transmittal	1
List of Principal Officers	8
Organization Chart	9

FINANCIAL SECTION

Independent Auditor's Report	12
Management's Discussion and Analysis	15

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	32
Statement of Activities	36

Fund Financial Statements

Governmental Funds:

Balance Sheet	38
Reconciliation of the Balance Sheet to the Statement of Net Position- Governmental funds	43
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	49

Proprietary Funds:

Statement of Net Position	50
Statement of Revenues, Expenses, and Changes in Fund Net Position	52
Statement of Cash Flows	54

Notes to Financial Statements	59
--------------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual - General Fund	102
-------------------------------------------------------------------------------------------------------	-----

City of Mount Pleasant, Texas

TABLE OF CONTENTS

September 30, 2020

Schedule of Changes in Net Pension Liability and Related Ratios - TMRS	104
Schedule of Employer Contributions to Pension Plan - TMRS	106
Schedule of Changes in OPEB Liability and Related Ratios – TMRS SDBP	108
Schedule of Changes in OPEB Liability and Related Ratios – Retiree health	110

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	118
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Street Fund	120
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Construction Bond Fund	121
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Debt Service Fund	122
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Hotel/Motel/Civic Center Fund	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Cemetary Fund	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Police Seizures Fund	125
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Rural Development Fund	126
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Police Fund	127
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Library Fund	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – PEG Fund	129
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Capital Replacement Fund	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual – Firemen’s Fund	131
Balance Sheet – Component Unit	132
Reconciliation of the Balance Sheet to the Statement of Net Position- Component Unit	133
Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit	134
Reconciliation of the Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Component Unit	135

City of Mount Pleasant, Texas

TABLE OF CONTENTS

September 30, 2020

STATISTICAL SECTION

Net Position by Component	138
Changes in Net Position	140
Fund Balances, Government Funds	144
Changes in Fund Balance, Governmental Funds	146
Assessed Value and Estimated Actual Value of Taxable Property	149
Property Tax Rates – Direct and Overlapping Governments	150
Principal Property Taxpayers	153
Property Tax Levies and Collections	154
Ratios of Outstanding Debt by Type	156
Ratio of General Bonded Debt Outstanding	158
Direct and Overlapping Governmental Activities Debt	160
Legal Debt Margin Information	161
Pledged-Revenue Coverage	162
Demographic and Economic Statistics	163
Principal Employers	164
Full-Time Equivalent City Employees by Function/Program	165
Operating Indicators by Function/Program	166
Capital Asset Statistics by Function/Program	168

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	173
Summary Schedule of Prior Audit Findings	175
Schedule of Findings and Questioned Costs	180



**FINANCE DEPARTMENT
501 N. MADISON
MOUNT PLEASANT, TEXAS 75455
903-575-4000**

MARCH 12, 2021

**To the Honorable Mayor and City Council
City of Mount Pleasant, Texas**

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Mount Pleasant (the “City”) for the fiscal year ended September 30, 2020. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. To enable the reader to gain an understanding of the City’s financial activities, all necessary disclosures have been included.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America established by the Governmental Accounting Standards Board (GASB). The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City’s organizational chart, and a list of principal officials. The financial section includes the management’s discussion and analysis (MD&A), the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditor’s report on the basic financial statements. The Statistical section includes selected financial and demographic information which is presented on a multi-year basis.

The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditor’s report. This transmittal is designed to complement the MD&A and should be read in conjunction with it.

THE REPORTING ENTITY

The City was incorporated on September 17, 1900 under the provision of H.B. 901 of the Texas legislature. The City operates under a council-manager form of government. The City provides a full range of municipal services authorized by statute or charter. These services include police and fire protection, water and wastewater services, the construction and maintenance of streets, infrastructure and other related facilities, code enforcement, building inspections, parks and recreation, library, public improvements, planning and zoning, economic development, and general administrative services.

The CAFR includes all funds of the City. This report includes all government activities, organizations and functions for which the City is financially accountable. The criteria used in determining activities to be reported within the City's basic financial statements are based upon and consistent with those set forth by the GASB. Based upon these criteria, the Industrial Development Corporation (IDC) are discretely presented component units.

FINANCIAL PLANNING AND FISCAL POLICIES

The City continues to update the master plans to guide the City's long-term growth and financial planning. Significant master planning activity includes: 1) Comprehensive land use and thoroughfare plan, 2) Parks master plan, and a 3) Strategic Plan.

Utilizing these plans, the City annually updates a five-year capital improvement plan. The City also maintains a police and fire department staffing plan as part of the strategic plan. These plans are used to determine budget allocations to the various departments and activities of the City.

The City's fiscal management policy requires a minimum fund balance for numerous funds. The fund balance reserve plan is guiding the City to meeting the fund balance reserve plans for each of the funds.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the liability is incurred. Proprietary operations are maintained on full accrual basis.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual budget approved by the City Council. Activities of the general fund, special revenue funds and debt service funds are included in the annual budget. The budget is developed and controlled at the department level although appropriations are set at the fund level, and encumbrances are entered at the time a purchase order is issued. Outstanding encumbrance's lapse at fiscal year-end, and the subsequent year's budget must absorb the expenditures when incurred. Separate multi-year budgets are developed for the capital projects funds.

THE BUDGET

The City maintained a balance budget and lowered the tax rate and continued to improve the quality of life for the city. The financial report is designed to provide our citizens, taxpayer, customers with a general overview of the City's Finances to show accountability.

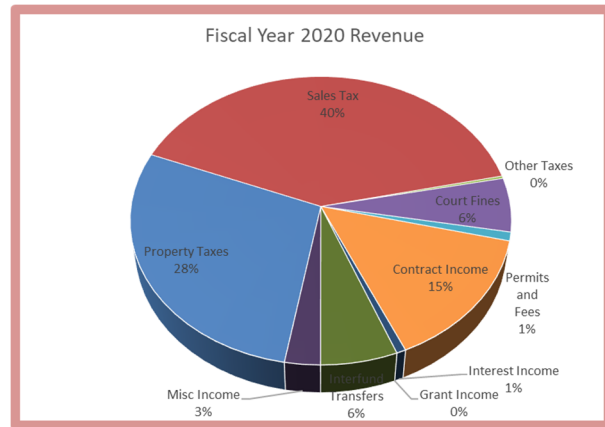
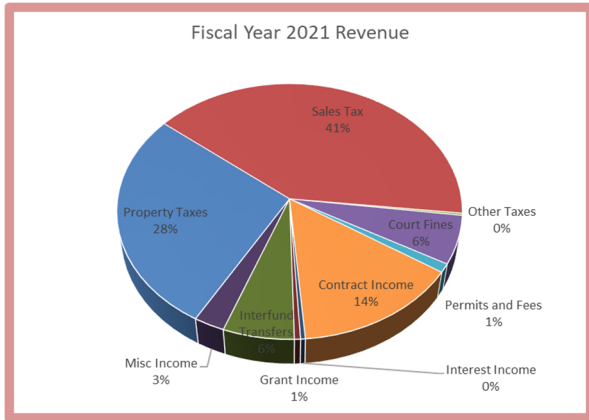
GENERAL FUND:

The General fund is used to account for all expenditures of traditional government services. This fund finances operations such as Administration, Animal Control, Building and Code Services, Human Resources, Library, Municipal Court, Parks, Public Safety, and Public Works. General Fund Revenue is generated from ad valorem property taxes, a one cent portion of sales tax and a variety of fees for services. The tax rate for Fiscal Year 2021 is

0.3652 per \$100 of assessed value with 0.2923 for operations and 0.0701 for interest and principal on outstanding bonds.

General Fund Revenue

General fund revenues for Fiscal Year 2021 are estimated at \$12,323,450. This is a 2.6% decrease over the Fiscal Year 2021 amended budget of \$12,000,895. The largest source of revenue for the General Fund is Sales Tax at 41% of revenue followed by Ad Valorem taxes which generate 28% of total revenue. The tax rate of 0.3652 per \$100 of assessed value budgeted at collection rate of 98.5% generates \$3,395,000. The next highest source of income is contract income from the County fire contract and landfill contracts at 14% followed by Court fines at 6% and other misc income.



PROPERTY TAXES:

Taxable Assessed Values are valued by Titus County Appraisal District. Values for Fiscal Year 2021 are estimated at \$1,127,986,307, a 2.46% increase of FY 2020 of \$1,100,947,295. The City of Mount Pleasant decreased the tax rate this year to 0.3652. The City maintained the same tax rate of 0.3712 for 2 years and maintained a rate of 0.3437 for 5 years prior to that. The City has a firm commitment to provide exceptional service with minimal increase to the tax rate. The portion of the tax rate contributed to debt service is 19.19%. The cemetery rate is 0.0028, the debt rate is 0.0701 and the M&O rate is 0.2923 for a total rate of 0.3652 for Fiscal Year 2021; as compared to cemetery rate of 0.0029, the debt rate 0.0696 and the M&O rate of 0.2987 for a total rate of 0.3712 for Fiscal Year 2019.

SALES TAXES:

Sales tax is collected by the State and remitted monthly to the City. The sales tax distribution is State 6.25%, City 1%, Industrial Development 0.375%, and Property tax rate reduction .125% , County 0.5% for a total rate of 8.25%. Actual amounts for Fiscal Year 2020 for the City and IDC are estimated at \$6,704,892. For FY 2020 and 2020 a flat budget of \$6,540,000 was proposed

General Fund Expense

General Fund expenses for Fiscal Year 2021 are estimated at \$12,323,450 a 2.6% decrease over FY 2020 of \$12,000,895. The General fund departments consist of Police at 33%, Fire at 25%, Park at 11%, Public Administration at 6%, Municipal Court at 4%, and other misc. departments are under 3%.

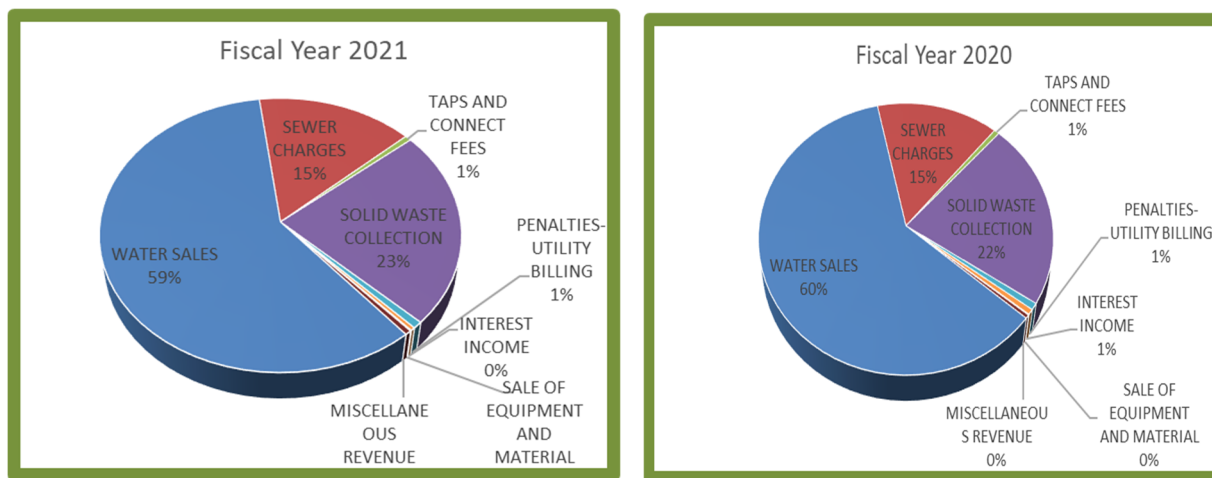
ENTERPRISE FUND:

The Enterprise Funds are composed of the Utility/Water and Sewer Fund and Airport fund.

Utility/Water and Sewer Fund

The Water and Sewer fund is a proprietary fund established to separately account for the City’s water and wastewater services. The primary source of revenue is derived from residential and commercial water sales. The Utility Fund is used to fund capital projects, several projects for the FY 2020-2021 are proposed to be funded by the Utility Fund in the Utility fund Capital project fund.

Utility Fund revenues for Fiscal Year 2021 are estimated at \$12,060,121. This is a .001% decrease over the Fiscal Year 2020 amended budget of \$12,054,063. The Utility Fund revenues are made up of Water Sales at 59%, Sewer Sales at 15%, Solid waste at 23% and Misc fees 3%.



Utility Fund Expense

Utility Fund expenses for Fiscal Year 2021 are estimated at \$12,060,121, a .001% decrease over FY 2020 at \$12,054,063. The Utility Fund expenses are made up of Solid Waste at 24%, Water Treatment at 17%, Debt Service at 14%, Fresh water supply at 12%, Utility Department at 11%, Utility Non department at 8%, Utility Admin at 7%, Waste water plant at 5%, Vehicle Service at 2%

Airport Fund Revenue and expenses for Fiscal Year 2021 are estimated at \$792,400, a .2.3% decrease over FY 2020 at \$810,810. The Airport revenue is made up of Aviation fuel sales 77% and Hanger Leases 23%. The Airport expenses are made up of airport operational expenses.

SPECIAL REVENUE FUNDS:

The Special Revenue Fund is used to account for revenue that is used for a specific purpose.

TOURISM:

The Tourism Fund is used to account for rental revenue from the Municipal Center and the Hotel/Motel taxes. Per state statute, the City imposes a 7% occupancy tax on the price of a hotel or motel room. Hotel/Motel tax revenue

supports the Chamber of commerce, the civic center and the main street tourism fund. Budget items for FY 2020 include Boots and Bells Christmas for \$150,000 and Main Street Façade grants.

INDUSTRIAL DEVELOPMENT:

The Industrial Development Fund is used to account for revenue from .375 cent of sales tax for the Industrial Development Corporation. The Mount Pleasant Industrial Development Corporation (“MPIDC”), is a corporation organized under Article 5190.6, Section 4A of the Texas Civil Statutes. The MPIDC promotes development of commercial, industrial, manufacturing, medical research enterprises and parks within the City of Mount Pleasant, Texas. The MPIDC was incorporated under type A of the Economic Development Act.

CAPITAL PROJECT:

The Capital Project Funds are used to account for revenue and bond proceeds issued for specific capital projects.

2017 CONSTRUCTION BOND PROJECT:

The Park Project Funds also known as Construction Bond Funds 2017 are used to account for revenue from the 2017 Bond. This fund was mainly used for the sports complex. The park capital budget was still in progress as of FY 2021 budget with anticipated completion date of December 31, 2020

STREET CAPITAL PROJECT:

The Capital Project Funds are used to account for Franchise taxes revenue used to support the street bond proceed. The Bond was issued for improvements to city streets. These funds have been expended. The remaining money from Franchise taxes are used for future City street improvements as well as street personnel.

Items budgeted in the Street fund this year include:

- Street improvement of \$500,000
- Tractor and Cutter of \$75,000
- Pavement assessment Study \$150,000
- Bond payment of \$453,615

WATER & SEWER CAPITAL PROJECTS:

The Capital Project Funds are used to account for bond proceeds issued for specific capital water and sewer projects. This fund is account for the 2020 Bond for \$4,000,000 dollars that was issued for various projects. The current Utility Capital Project Fund budget includes capital projects for the current year. The capital projects include:

- Basin sewer line Improvement
- Big Tex lift station
- 24 in water line Improvement
- I-30 water storage
- School st Storage
- Water plan update
- HC sewer interceptor

DEBT SERVICE:

The Debt Service Fund is a sinking fund used to pay the interest and principal on all outstanding bonds of the City. The tax rate approved for Fiscal Year 2020 is 0.0696 and for FY 2021 is .0701 per one hundred dollars (\$100) assessed value of all taxable property. The total amount of debt obligations secured by property taxes for the City is \$11,125,000. Debt payments due for FY 2021 are \$779,300.

CITY EMPLOYEES:

Staffing levels for FY 2021 will remain constant from the previous fiscal year. The City currently supports 173.5 employees. The City will continue its intern program it began in FY 2020 and budgeted to retain its 5 interns from previous year.

SALARY ADJUSTMENTS:

We believe it is important to be able to recruit and retain valuable staff by ensuring competitive compensation rates. A compensation study was done for in the FY 2020 and Staff was given a market adjustment and brought on to the new compensation plan. Due to the economic conditions and Pandemic situation resulting from Covid 19, uniformed employees and other staff will not receive step increases for the FY 2021 budget year.

BENEFITS:

Health insurance rates increased 10% for the 2021 fiscal year. The City absorbed the increase cost for all Employees. The Health increase to employee remained zero.

The City provides pension benefits for all of its eligible employees through TMRS. Contribution rates increased to the city from 15.15% to 14.83%. The employee participant rate is 7%.

Retail and Commercial:

Mount Pleasant continues to attract high quality retail and commercial developments. Anderson development project is a planned development that will bring several commercial and residential lots in Mount Pleasant. 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

Education:

The majority of the City is served by Mount Pleasant Independent School District and a portion is served by Hart Bluff independent school district. Northeast Texas Community College is also located in Titus County.

Healthcare: The city is served by Titus Regional medical Center

OTHER INFORMATION

Independent Audit:

The City Charter requires an annual audit of the books of account financial records and transaction of all departments of the City. The City charter specifies that such audit be conducted by independent auditors selected by the City Council. Brooks Watson & Co. was selected by the City Council to conduct this year's audit. The independent auditor's report on the basic financial statements is included in the financial section of this report.

Certificate of Achievement:

This is the fifth year the City has submitted their comprehensive annual financial report (“CAFR”) to be reviewed for the Certificate of Achievement. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The City has never received the Certificate of Achievement. We believe the current report conforms to the Certificate of Achievement program requirements and are submitting the 2020 CAFR to GFOA.

ACKNOWLEDGEMENTS

The finance department continues to try to reach new standards for financial reporting within the City. The preparation of this report could not have been accomplished without the dedication and helpfulness of the staff. We would like to express our appreciation to all employees who assisted and contributed to its presentation.

We would also like to thank the members of the City Council for their interest and support in planning and conduction the financial operations of the City in a responsible manner.

Respectfully Submitted,

A handwritten signature in black ink that reads "Miykael Reeve". The signature is written in a cursive, flowing style.

Miykael Reeve, CGFO, CGFM
Director of Finance



CITY OFFICIALS

Tracy Craig

Tim Dale

Jerry Walker

Sherri Spruill

Galen Adams

Henry N Chappell II

Ed Thatcher

Mayor

Mayor ProTem

Council Member

Council Member

Council Member

Council Member

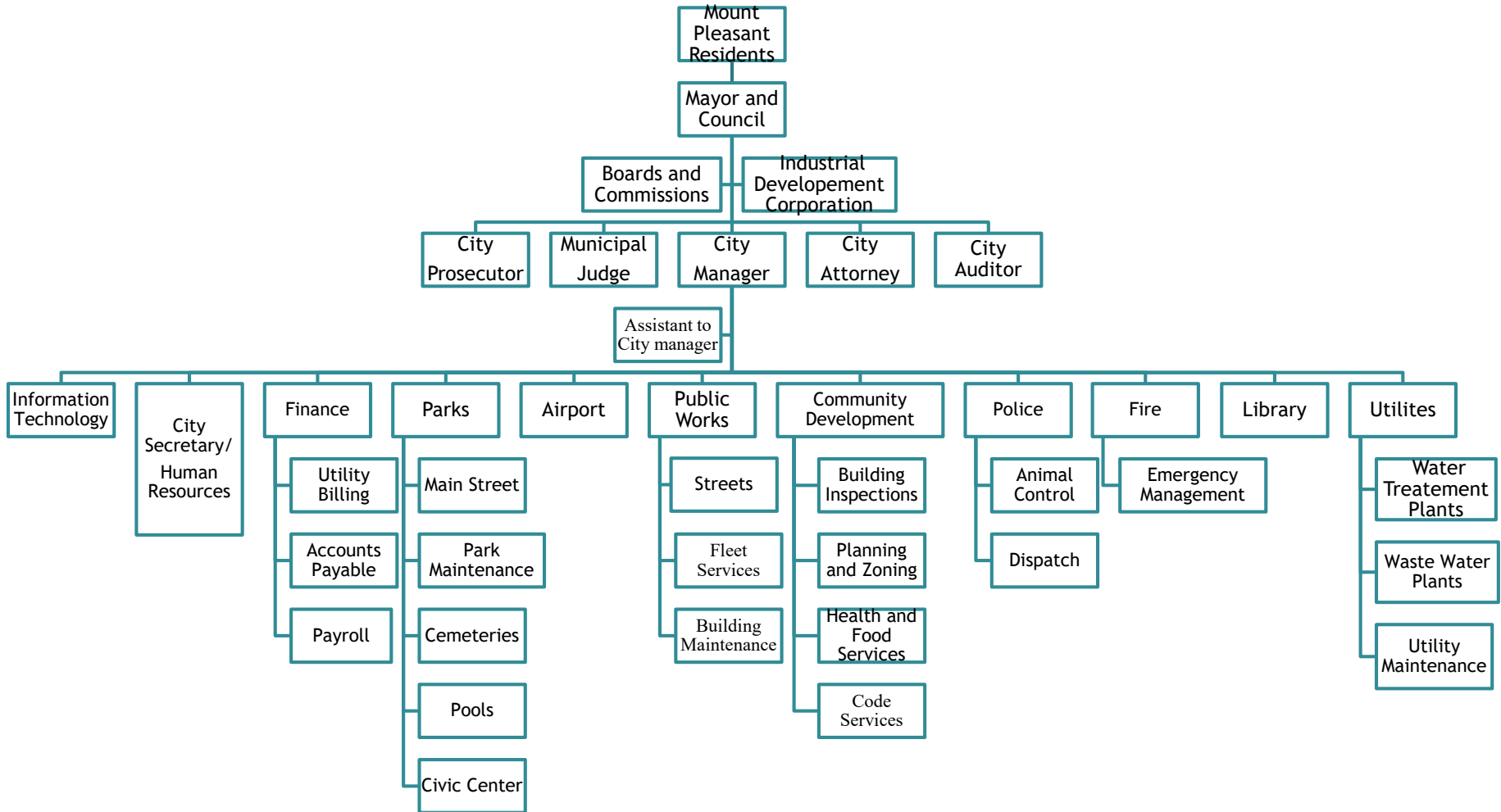
City Manager

City Mailing Address: City of Mount Pleasant
501 N. Madison
Mount Pleasant, TX 75455

City Telephone: (903) 575-4000

* City Officials as of September 30, 2020

City of Mount Pleasant Organization Chart



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Mount Pleasant, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Mount Pleasant, Texas (the "City"), as of and for the year ended September 30, 2020, 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

The City's 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.H. the City restated beginning net position within the water & sewer, and airport proprietary funds due to an accounting error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and budgetary comparison information for the general fund 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's basic financial statements. The items listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information noted above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Brooks Watson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 12, 2021

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

(This page intentionally left blank)

City of Mount Pleasant, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2020

As management of the City of Mount Pleasant, Texas (the "City"), we offer 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, 2020.

Financial Highlights

- The City's total combined net position was \$66,538,069 at September 30, 2020. Of this, \$2,516,798 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$7,320,917, a decrease of \$2,260,667.
- As of the end of the year, the unassigned fund balance of the general fund was \$2,700,578 or 21% of total general fund expenditures.
- The City had an overall decrease in net position of \$524,181, which is due to expenses exceeding revenues.

Overview of the Financial Statements

The discussion and analysis provided here 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) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Mount Pleasant, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, community development, and public works. The business-type activities of the City include water and sewer operations, and airport operations.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating 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 the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the 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, Texas maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, street, and construction bond funds, which are considered to be major funds. Fund data for the remaining nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Mount Pleasant, Texas adopts an annual appropriated budget for its general, street, construction bond funds, debt service, hotel/motel/civic center, cemetery, police seizures, rural development, police, library, PEG, capital replacement, and firemen's funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget and each special revenue fund.

Proprietary Funds. The City maintains three proprietary funds, the water & sewer and airport funds. Enterprise funds are used to report the same functions presented as business-type activities in the

City of Mount Pleasant, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment and water construction, and airport operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Component Unit

The City maintains the accounting and financial statements for one component unit. The Mount Pleasant Industrial Development District ("MPIDD") is a discretely presented component unit displayed on the government-wide financial statements.

Notes to Financial Statements. The notes to the financial statements provide additional information that is necessary to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI) concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension.

Government-Wide Financial Analysis

As noted previously, net position over time, may serve as a useful indicator of the City's financial position. For the City of Mount Pleasant, Texas, assets exceed liabilities by \$66,538,069 as of September 30, 2020.

The largest portion of the City's net position, \$63,141,301, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Current and other assets of Governmental Activities as of September 30, 2020 and September 30, 2019 were \$9,332,340 and \$11,203,307, respectively. The decrease of \$1,870,967 was primarily attributable to cash spent for capital assets in the current year. There was a corresponding increase in capital assets during the year.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Long-term liabilities of Business-Type Activities as of September 30, 2020 and September 30, 2019 were \$21,823,802 and \$23,489,997, respectively. The decrease of \$1,666,195 was due to certificates of obligation issued in the current year, which exceeded current year debt principal repayments.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2020			2019		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and other assets	\$ 9,332,340	\$ 10,031,237	\$ 19,363,577	\$ 11,203,307	\$ 6,650,187	\$ 17,853,494
Capital assets, net	39,497,554	59,480,006	98,977,560	35,175,845	62,356,866	97,532,711
Total Assets	48,829,894	69,511,243	118,341,137	46,379,152	69,007,053	115,386,205
Deferred Outflows	1,235,009	289,881	1,524,890	2,080,666	698,029	2,778,695
Other liabilities	3,504,783	2,201,815	5,706,598	2,596,207	2,162,796	4,759,003
Long-term liabilities	21,823,802	24,660,180	46,483,982	23,489,997	22,845,468	46,335,465
Total Liabilities	25,328,585	26,861,995	52,190,580	26,086,204	25,008,264	51,094,468
Deferred Inflows	913,640	223,738	1,137,378	6,127	2,055	8,182
Net Position:						
Net investment						
in capital assets	24,401,450	38,739,851	63,141,301	22,431,539	40,351,700	62,783,239
Restricted	879,970	-	879,970	1,213,916	-	1,213,916
Unrestricted	(1,458,742)	3,975,540	2,516,798	(1,277,968)	4,343,063	3,065,095
Total Net Position	\$ 23,822,678	\$ 42,715,391	\$ 66,538,069	\$ 22,367,487	\$ 44,694,763	\$ 67,062,250

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

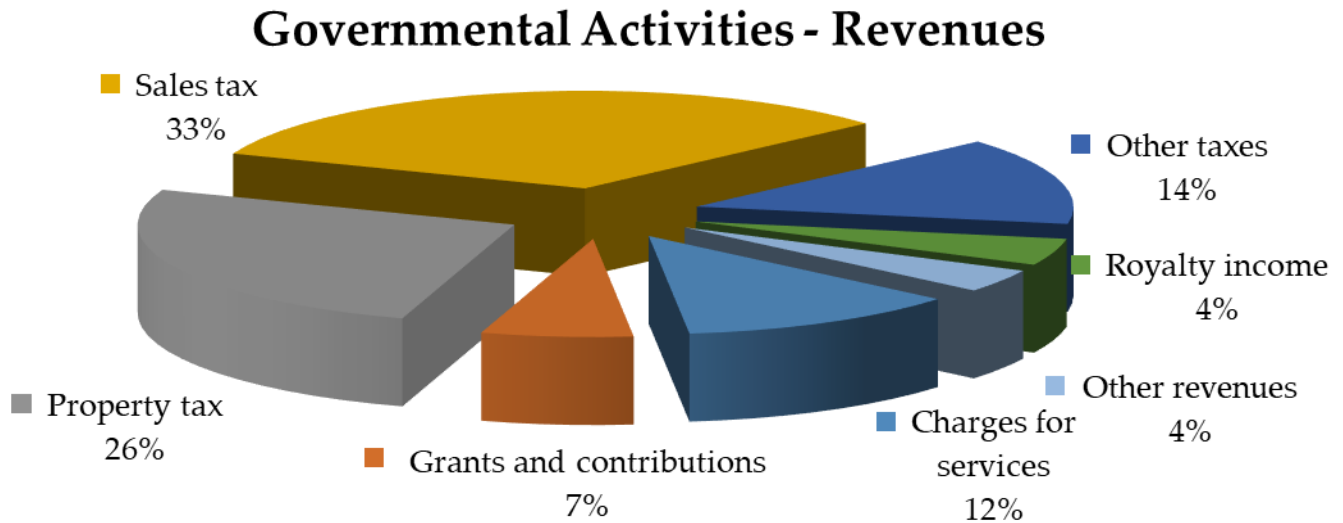
Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,922,783	\$ 12,165,500	\$ 14,088,283	\$ 2,129,760	\$ 12,620,630	\$ 14,750,390
Grants and contributions	1,027,268	-	1,027,268	589,402	-	589,402
General revenues:						
Property tax	4,108,990	-	4,108,990	3,803,341	-	3,803,341
Sales tax	5,152,451	-	5,152,451	4,764,917	-	4,764,917
Other taxes	2,278,656	-	2,278,656	1,742,442	-	1,742,442
Royalty income	701,295	-	701,295	982,394	-	982,394
Investment income	119,081	46,255	165,336	298,847	103,711	402,558
Other revenues	485,690	97,837	583,527	395,626	124,529	520,155
Total Revenues	15,796,214	12,309,592	28,105,806	14,706,729	12,848,870	27,555,599
Expenses						
General government	2,447,119	-	2,447,119	1,653,454	-	1,653,454
Public safety	9,349,911	-	9,349,911	9,598,062	-	9,598,062
Public works	2,429,084	-	2,429,084	1,724,711	-	1,724,711
Public services	160,859	-	160,859	344,203	-	344,203
Parks and recreation	1,610,785	-	1,610,785	1,505,577	-	1,505,577
Water & sewer	-	10,539,489	10,539,489	-	9,318,524	9,318,524
Airport	-	1,294,688	1,294,688	-	1,416,507	1,416,507
Civic center	-	-	-	-	453,072	453,072
Interest & fiscal charges	567,594	230,458	798,052	490,322	261,235	751,557
Total Expenses	16,565,352	12,064,635	28,629,987	15,316,329	11,449,338	26,765,667
Change in Net Position						
Before Transfers	(769,138)	244,957	(524,181)	(609,600)	1,399,532	789,932
Transfers in (out)	2,224,329	(2,224,329)	-	1,259,691	(1,259,691)	-
Total	2,224,329	(2,224,329)	-	1,259,691	(1,259,691)	-
Change in Net Position	1,455,191	(1,979,372)	(524,181)	650,091	139,841	789,932
Beginning Net Position	22,367,487	44,694,763	67,062,250	21,717,396	44,554,922	66,272,318
Ending Net Position	\$ 23,822,678	\$ 42,715,391	\$ 66,538,069	\$ 22,367,487	\$ 44,694,763	\$ 67,062,250

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

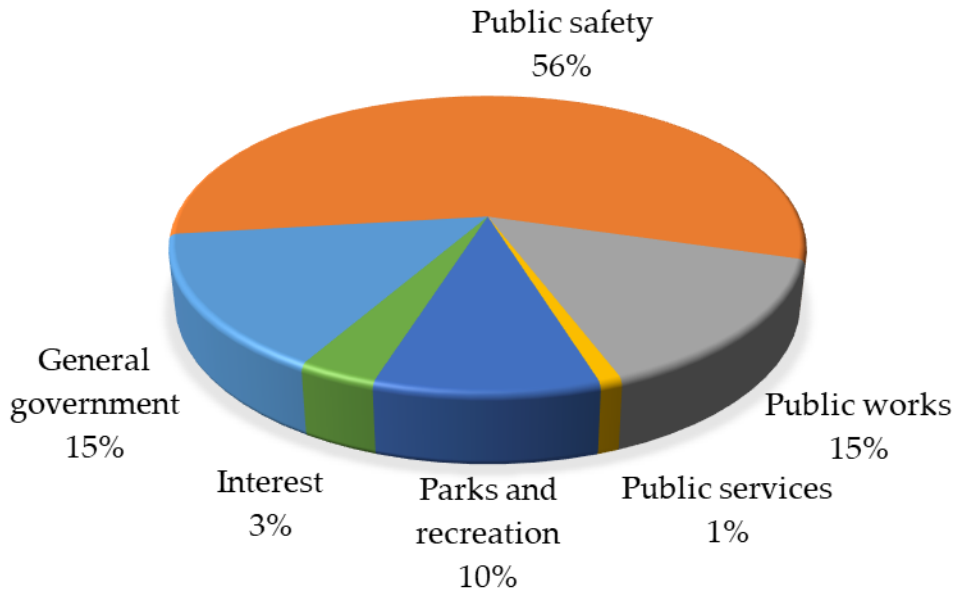


For the year ended September 30, 2020, revenues from governmental activities totaled \$15,796,214. Overall revenues increased by \$1,089,485. Sales tax, property tax, and other taxes are the City's largest revenue sources. Sales taxes increased by \$387,534 or 8% due to increased economic growth and development. Royalty income from the landfill decreased \$281,099 or 29% due to decreases in revenues by the City's lessee from the landfill. Property taxes increased by \$305,649 or 8% due to increases in the appraised value of properties.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

This graph shows the governmental function expenses of the City:

GOVERNMENTAL ACTIVITIES - EXPENSES

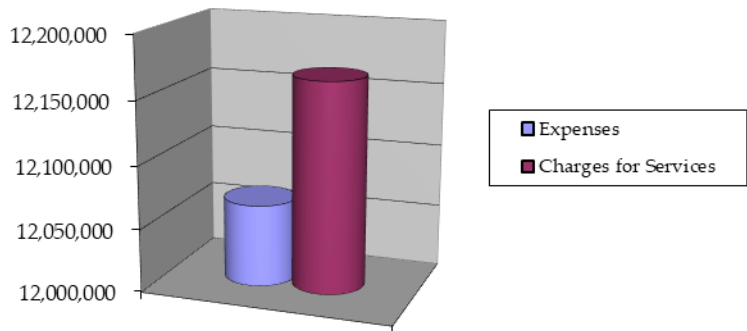


For the year ended September 30, 2020, expenses for governmental activities totaled \$16,565,352. This represents an increase of \$1,249,023 or 8% from the prior year. The City's largest functional expense is public safety of \$9,349,911. Public safety expenses decreased by \$248,151 or 3%, primarily due to bad debt write-offs in prior year for fines receivables. General government expenses increased by \$793,665 or 48%, primarily due to the transfer in of civic center expenses in the current year, and increases in consulting, engineering, salaries, and benefit expenses during the current year. Public works expenses increased by \$704,373 or 41%, primarily due to increases in salaries and benefits and contractor inspection expenses. Public services expenses decreased by \$183,344 or 53%, primarily due to decreases in salaries with a decrease in personnel in this department.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2020, charges for services by business-type activities totaled \$12,165,500. This is a decrease of \$455,130, or 4%, from the previous year. The decrease is a result of a decrease in consumption in the current year.

Total expenses increased by \$615,297, or 5%, from the previous year. The increase is primarily a result of an increase in the cost of water and treatment costs in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year the general fund reflected a total fund balance of \$2,936,449. The general fund reflected a decrease of \$79,244. This is due to expenditures of the fund exceeding revenues and transfers from other funds during the year.

The street fund reflected a fund balance of \$2,989,852, an increase of \$746,537. The increase is due to transfers in received during the year.

The Construction Bond fund reflected a fund balance of \$655,576 a decrease of \$2,541,140. The fund balance decrease is due to capital outlay expenditures in the current year.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

There was an overall decrease in governmental fund balance of \$2,260,667. This is primarily due to current year capital outlay expenditures in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget included increases of: \$537,10 to revenues, \$507,000 to expenses, and a decrease of 30,100 to other financing sources. These changes primarily related to sales tax revenues exceeding estimates, and an increase to general government for additional capital and maintenance expenditures.

There was a negative budget variance of \$115,430 before other financing sources and uses, with a total negative variance of \$79,244 in the general fund after other sources and uses. Total actual revenue exceeded budgeted revenue by \$3,597. Total actual expenditures were \$119,027 over budget.

Expenditures exceeded appropriations in the amounts of \$113,717 for public safety, \$219,805 for public works, \$84,469 for capital outlay, and \$575 for library. All other expenditures were less than budgeted.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$39,497,554 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$59,480,006 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Construction costs for new sports complex of \$3,404,700
- Improvements to cemetery for \$92,681
- Purchase of new fire truck totaling \$615,644
- Purchase of city vehicles totaling \$285,263
- Lift station and pump improvements totaling \$214,098
- HVAC improvements for \$92,681
- Construction costs for airport improvements of \$139,028

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

City of Mount Pleasant, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt principal outstanding of \$40,760,381. During the year, the City made \$2,147,331 in principal payments on outstanding debt. The City also refunded \$3,170,000 of certificates of obligation with the issuance of \$2,900,000 general obligation refunding bonds, and issued \$3,985,000 combination tax and revenue certificates for future water and sewer capital improvements. More detailed information about the City's long-term liabilities is presented in note IV. F to the financial statements.

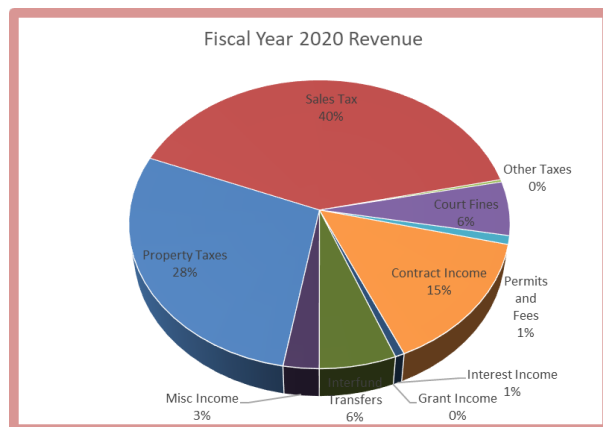
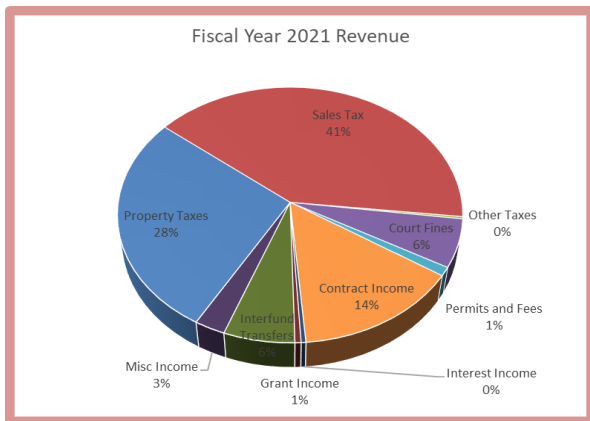
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

GENERAL FUND:

The General fund is used to account for all expenditures of traditional government services. This fund finances operations such as Administration, Animal Control, Building and Code Services, Human Resources, Library, Municipal Court, Parks, Public Safety, and Public Works. General Fund Revenue is generated from ad valorem property taxes, a one cent portion of sales tax and a variety of fees for services. The tax rate for Fiscal Year 2021 is 0.3652 per \$100 of assessed value with 0.2923 for operations and 0.0701 for interest and principal on outstanding bonds.

General Fund Revenue

General fund revenues for Fiscal Year 2021 are estimated at \$12,323,450. This is a 2.6% decrease over the Fiscal Year 2021 amended budget of \$12,000,895. The largest source of revenue for the General Fund is Sales Tax at 41% of revenue followed by Ad Valorem taxes which generate 28% of total revenue. The tax rate of 0.3652 per \$100 of assessed value budgeted at collection rate of 98.5% generates \$3,395,000. The next highest source of income is contract income from the County fire contract and landfill contracts at 14% followed by Court fines at 6% and other misc. income.



City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

PROPERTY TAXES:

Taxable Assessed Values are valued by Titus County Appraisal District. Values for Fiscal Year 2021 are estimated at \$1,127,986,307, a 2.46% increase of FY 2020 of \$1,100,947,295. The City of Mount Pleasant decreased the tax rate this year to 0.3652. The City maintained the same tax rate of 0.3712 for 2 years and maintained a rate of 0.3437 for 5 years prior to that. The City has a firm commitment to provide exceptional service with minimal increase to the tax rate. The portion of the tax rate contributed to debt service is 19.19%. The cemetery rate is 0.0028, the debt rate is 0.0701 and the M&O rate is 0.2923 for a total rate of 0.3652 for Fiscal Year 2021; as compared to cemetery rate of 0.0029, the debt rate 0.0696 and the M&O rate of 0.2987 for a total rate of 0.3712 for Fiscal Year 2019.

SALES TAXES:

Sales tax is collected by the State and remitted monthly to the City. The sales tax distribution is State 6.25%, City 1%, Industrial Development 0.375%, and Property tax rate reduction .125% , County 0.5% for a total rate of 8.25%. Actual amounts for Fiscal Year 2020 for the City and IDC are estimated at \$6,704,892. For FY 2020 and 2020 a flat budget of \$6,540,000 was proposed

General Fund Expense

General Fund expenses for Fiscal Year 2021 are estimated at \$12,323,450 a 2.6% decrease over FY 2020 of \$12,000,895. The General fund departments consist of Police at 33%, Fire at 25%, Park at 11%, Public Administration at 6%, Municipal Court at 4%, and other misc. departments are under 3%.

ENTERPRISE FUND:

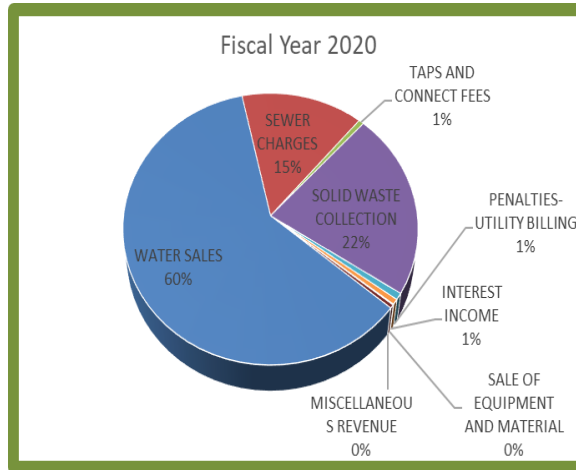
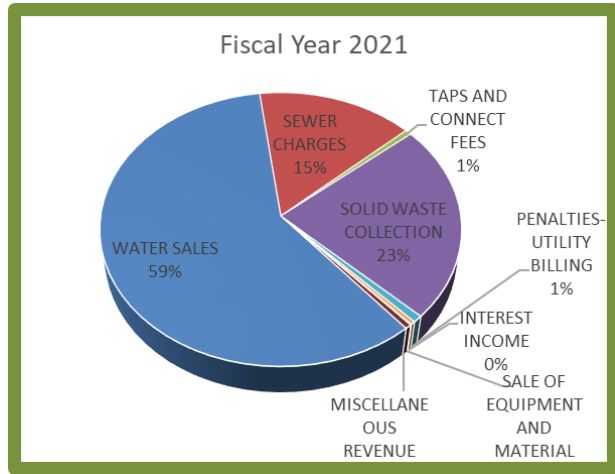
The Enterprise Funds are composed of the Utility/Water and Sewer Fund and Airport fund.

Utility/Water and Sewer Fund

The Water and Sewer fund is a proprietary fund established to separately account for the City's water and wastewater services. The primary source of revenue is derived from residential and commercial water sales. The Utility Fund is used to fund capital projects, several projects for the FY 2020-2021 are proposed to be funded by the Utility Fund in the Utility fund Capital project fund.

Utility Fund revenues for Fiscal Year 2021 are estimated at \$12,060,121. This is a .001% decrease over the Fiscal Year 2020 amended budget of \$12,054,063. The Utility Fund revenues are made up of Water Sales at 59%, Sewer Sales at 15%, Solid waste at 23% and Misc. fees 3%.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020



Utility Fund

Expense

Utility Fund expenses for Fiscal Year 2021 are estimated at \$12,060,121, a .001% decrease over FY 2020 at \$12,054,063. The Utility Fund expenses are made up of Solid Waste at 24%, Water Treatment at 17%, Debt Service at 14%, Fresh water supply at 12%, Utility Department at 11%, Utility Non-department at 8%, Utility Admin at 7%, Waste water plant at 5%, Vehicle Service at 2%

Airport Fund Revenue and expenses for Fiscal Year 2021 are estimated at \$792,400, a .23% decrease over FY 2020 at \$810,810. The Airport revenue is made up of Aviation fuel sales 77% and Hanger Leases 23%. The Airport expenses are made up of airport operational expenses.

SPECIAL REVENUE FUNDS:

The Special Revenue Fund is used to account for revenue that is used for a specific purpose.

TOURISM:

The Tourism Fund is used to account for rental revenue from the Municipal Center and the Hotel/Motel taxes. Per state statute, the City imposes a 7% occupancy tax on the price of a hotel or motel room. Hotel/Motel tax revenue supports the Chamber of commerce, the civic center and the main street tourism fund. Budget items for FY 2020 include Boots and Bells Christmas for \$150,000 and Main Street Façade grants.

INDUSTRIAL DEVELOPMENT:

The Industrial Development Fund is used to account for revenue from .375 cent of sales tax for the Industrial Development Corporation. The Mount Pleasant Industrial Development Corporation ("MPIDC"), is a corporation organized under Article 5190.6, Section 4A of the Texas Civil Statutes. The MPIDC promotes development of commercial, industrial, manufacturing, medical research enterprises

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2020

and parks within the City of Mount Pleasant, Texas. The MPIDC was incorporated under type A of the Economic Development Act.

CAPITAL PROJECT:

The Capital Project Funds are used to account for revenue and bond proceeds issued for specific capital projects.

2017 CONSTRUCTION BOND PROJECT:

The Park Project Funds also known as Construction Bond Funds 2017 are used to account for revenue from the 2017 Bond. This fund was mainly used for the sports complex. The park capital budget was still in progress as of FY 2021 budget with anticipated completion date of December 31, 2020

STREET CAPITAL PROJECT:

The Capital Project Funds are used to account for Franchise taxes revenue used to support the street bond proceed. The Bond was issued for improvements to city streets. These funds have been expended. The remaining money from Franchise taxes are used for future City street improvements as well as street personnel.

Items budgeted in the Street fund this year include:

- Street improvement of \$500,000
- Tractor and Cutter of \$75,000
- Pavement assessment Study \$150,000
- Bond payment of \$453,615

WATER & SEWER CAPITAL PROJECTS:

The Capital Project Funds are used to account for bond proceeds issued for specific capital water and sewer projects. This fund is account for the 2020 Bond for \$4,000,000 dollars that was issued for various projects. The current Utility Capital Project Fund budget includes capital projects for the current year. The capital projects include:

- Basin sewer line Improvement
- Big Tex lift station
- 24 in water line Improvement
- I-30 water storage
- School st Storage
- Water plan update
- HC sewer interceptor

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

DEBT SERVICE:

The Debt Service Fund is a sinking fund used to pay the interest and principal on all outstanding bonds of the City. The tax rate approved for Fiscal Year 2020 is 0.0696 and for FY 2021 is .0701 per one hundred dollars (\$100) assessed value of all taxable property. The total amount of debt obligations secured by property taxes for the City is \$11,125,000. Debt payments due for FY 2021 are \$779,300.

CITY EMPLOYEES:

Staffing levels for FY 2021 will remain constant from the previous fiscal year. The City currently supports 173.5 employees. The City will continue its intern program it begun in FY 2020 and budgeted to retain its 5 interns from previous year.

SALARY ADJUSTMENTS:

We believe it is important to be able to recruit and retain valuable staff by ensuring competitive compensation rates. A compensation study was done for in the FY 2020 and Staff was given a market adjustment and brought on to the new compensation plan. Due to the economic conditions and Pandemic situation resulting from Covid 19, uniformed employees and other staff will not receive step increases for the FY 2021 budget year.

BENEFITS:

Health insurance rates increased 10% for the 2021 fiscal year. The City absorbed the increase cost for all Employees. The Health increase to employee remained zero.

The City provides pension benefits for all of its eligible employees through TMRS. Contribution rates increased to the city from 15.15% to 14.83%. The employee participant rate is 7%.

ECONOMIC CONDITIONS AND RETAIL OUTLOOK

Retail and Commercial: Mount Pleasant continues to attract high quality retail and commercial developments. Anderson development project is a planned development that will bring several commercial and residential lots in mount pleasant.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

City of Mount Pleasant, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 7,638,013	\$ 5,083,446	\$ 12,721,459
Restricted cash	407,530	4,000,397	4,407,927
Prepaid expenses	2,900	-	2,900
Receivables, net	1,283,897	947,394	2,231,291
Total Current Assets	9,332,340	10,031,237	19,363,577
Capital assets:			
Non-depreciable	9,420,020	9,069,932	18,489,952
Net depreciable capital assets	30,077,534	50,410,074	80,487,608
Total Noncurrent Assets	39,497,554	59,480,006	98,977,560
Total Assets	48,829,894	69,511,243	118,341,137
<u>Deferred Outflows of Resources</u>			
Deferred OPEB outflows	188,579	50,874	239,453
Deferred pension outflows	995,962	239,007	1,234,969
Deferred loss on refunding	69,167	-	69,167
Total Deferred Outflows of Resources	1,253,708	289,881	1,543,589

Component Unit

Industrial

Development

District

\$ 5,493,580

-

-

314,579

5,808,159

1,628,156

3,865,195

5,493,351

11,301,510

2,761

17,003

-

19,764

City of Mount Pleasant, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	1,748,118	476,536	2,224,654
Accrued liabilities	194,291	-	194,291
Accrued interest payable	205,465	18,707	224,172
Customer deposits	-	193,105	193,105
Compensated absences, current	613,283	108,467	721,750
Long-term debt due within one year	743,626	1,405,000	2,148,626
Total Current Liabilities	3,504,783	2,201,815	5,706,598
Noncurrent liabilities:			
Compensated absences, noncurrent	68,143	12,051	80,194
Long-term debt due in more than one year	16,426,672	23,335,552	39,762,224
Net pension liability	4,150,706	996,068	5,146,774
OPEB liability	1,178,281	316,509	1,494,790
Total Noncurrent Liabilities	21,823,802	24,660,180	46,483,982
Total Liabilities	25,328,585	26,861,995	52,190,580
<u>Deferred Inflows of Resources</u>			
Deferred OPEB inflows	18,699	4,487	23,186
Deferred pension inflows	913,640	219,251	1,132,891
Total Deferred Inflows of Resources	932,339	223,738	1,156,077
<u>Net Position</u>			
Net investment in capital assets	24,401,450	38,739,851	63,141,301
Restricted for:			
Debt service	49,114	-	49,114
Community development	314,460	-	314,460
Cemetery	8,627	-	8,627
Municipal court	216,229	-	216,229
Development	234,466	-	234,466
Tourism	22,795	-	22,795
Public safety	34,279	-	34,279
Unrestricted	(1,458,742)	3,975,540	2,516,798
Total Net Position	\$ 23,822,678	\$ 42,715,391	\$ 66,538,069

See Notes to Financial Statements.

Component Unit

Industrial

Development

District

26,687

3,151

-

-

11,773

268,023

309,634

1,308

1,187,767

70,857

17,363

1,277,295

1,586,929

319

15,597

15,916

4,037,561

-

5,680,868

-

-

-

-

-

-

\$ 9,718,429

City of Mount Pleasant, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,447,119	\$ 1,287,558	\$ -	\$ -
Public safety	9,349,911	635,225	-	-
Public works	2,429,084	-	265,806	-
Public services and operations	160,859	-	-	-
Parks and recreation	1,610,785	-	-	761,462
Interest and fiscal charges	567,594	-	-	-
Total Governmental Activities	16,565,352	1,922,783	265,806	761,462
Business-Type Activities				
Water & sewer	10,769,947	11,409,873	-	-
Airport	1,294,688	755,627	-	-
Total Business-Type Activities	12,064,635	12,165,500	-	-
Total Primary Government	\$ 28,629,987	\$ 14,088,283	\$ 265,806	\$ 761,462
Component Unit				
Development District	1,052,187	-	-	-
Total Component Unit Activities	\$ 1,052,187	\$ -	\$ -	\$ -

General Revenues:

- Taxes
 - Property tax
 - Sales tax
 - Franchise tax
 - Mixed beverage taxes
 - Hotel occupancy taxes
- Investment income
- Royalties
- Other revenues

Transfers:

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
<u>Primary Government</u>			<u>Industrial</u>
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Development</u>
<u>Activities</u>	<u>Activities</u>		<u>District</u>
\$ (1,159,561)	\$ -	\$ (1,159,561)	\$ -
(8,714,686)	-	(8,714,686)	-
(2,163,278)	-	(2,163,278)	-
(160,859)	-	(160,859)	-
(849,323)	-	(849,323)	-
(567,594)	-	(567,594)	-
<u>(13,615,301)</u>	<u>-</u>	<u>(13,615,301)</u>	<u>-</u>
-	639,926	639,926	-
-	(539,061)	(539,061)	-
-	100,865	100,865	-
<u>(13,615,301)</u>	<u>100,865</u>	<u>(13,514,436)</u>	<u>-</u>
			(1,052,187)
			<u>(1,052,187)</u>
4,108,990	-	4,108,990	-
5,152,451	-	5,152,451	1,717,484
1,776,649	-	1,776,649	-
26,769	-	26,769	-
475,238	-	475,238	-
119,081	46,255	165,336	30,413
701,295	-	701,295	-
485,690	97,837	583,527	910
2,224,329	(2,224,329)	-	-
<u>15,070,492</u>	<u>(2,080,237)</u>	<u>12,990,255</u>	<u>1,748,807</u>
1,455,191	(1,979,372)	(524,181)	696,620
22,367,487	44,694,763	67,062,250	9,021,809
<u>\$ 23,822,678</u>	<u>\$ 42,715,391</u>	<u>\$ 66,538,069</u>	<u>\$ 9,718,429</u>

City of Mount Pleasant, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS (Page 1 of 2)

September 30, 2020

	General Fund	Street Fund	Construction Bond Fund
<u>Assets</u>			
Cash and cash equivalents	\$ 2,471,705	\$ 2,161,443	\$ 2,005,027
Restricted cash	232,971	-	-
Prepaid expenses	2,900	-	-
Receivables, net			
Property taxes	61,824	-	-
Sales taxes	943,738	-	-
Other taxes	-	162,406	-
Other receivable	40,972	-	-
Intergovernmental receivable	-	-	-
Due from other funds	-	691,604	-
Total Assets	\$ 3,754,110	\$ 3,015,453	\$ 2,005,027
<u>Liabilities</u>			
Accounts payable	\$ 568,568	\$ 18,579	\$ 949,071
Accrued liabilities	187,269	7,022	-
Due to other funds	-	-	400,380
Total Liabilities	755,837	25,601	1,349,451
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	61,824	-	-
Total Deferred Inflows of Resources	\$ 61,824	\$ -	\$ -

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 999,838	\$ 7,638,013
174,559	407,530
-	2,900
-	61,824
-	943,738
36,432	198,838
6,729	47,701
31,796	31,796
-	691,604
<u>\$ 1,249,354</u>	<u>\$ 10,023,944</u>
\$ 211,900	\$ 1,748,118
-	194,291
291,224	691,604
<u>503,124</u>	<u>2,634,013</u>
7,190	69,014
<u>\$ 7,190</u>	<u>\$ 69,014</u>

City of Mount Pleasant, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS (Page 2 of 2)

September 30, 2020

	General Fund	Street Fund	Construction Bond Fund
<u>Fund Balances</u>			
Nonspendable:			
Prepaid items	\$ 2,900	\$ -	\$ -
Restricted for:			
Debt service	-	-	-
Community Development	-	-	-
Cemetery	-	-	-
Municipal court	216,229	-	-
Tourism	-	-	-
Development	-	-	-
Capital projects	-	-	655,576
Public safety	-	-	-
Assigned to:			
Capital projects	-	2,989,852	-
Public safety	16,742	-	-
Library	-	-	-
Community Improvements	-	-	-
Unassigned	2,700,578	-	-
Total Fund Balances	2,936,449	2,989,852	655,576
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,754,110	\$ 3,015,453	\$ 2,005,027

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,900
41,924	41,924
314,460	314,460
8,627	8,627
-	216,229
22,795	22,795
234,466	234,466
-	655,576
34,279	34,279
-	2,989,852
116	16,858
13,553	13,553
341,572	341,572
(272,752)	2,427,826
<u>739,040</u>	<u>7,320,917</u>
<u>\$ 1,249,354</u>	<u>\$ 10,023,944</u>

(This page intentionally left blank.)

City of Mount Pleasant, Texas
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2020

Fund Balances - Total Governmental Funds	\$	7,320,917
 Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		9,420,020
Capital assets - net depreciable		30,077,534
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		69,014
 Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure) until then.		
Pension contributions		836,635
Deferred loss on refunding		69,167
OPEB contributions		2,234
Pension experience		97,829
Pension changes in assumptions		61,498
Pension gain (losses) on investments		(913,640)
OPEB experience - TMRS SDBF		38,086
OPEB experience - Healthcare		(18,699)
OPEB changes in assumptions		148,259
 Some liabilities, including bonds payable and deferred charges are not reported as liabilities in the governmental funds.		
Compensated absences		(681,426)
Accrued interest		(205,465)
Premiums on bonds payable		(1,039,917)
Non-current liabilities due in one year		(743,626)
Non-current liabilities due in more than one year		(15,386,755)
Net pension liability		(4,150,706)
OPEB liability - SDBF		(374,163)
OPEB liability - retiree healthcare		(804,118)
Net Position of Governmental Activities	\$	23,822,678

See Notes to Financial Statements.

City of Mount Pleasant, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2020

	General Fund	Street Fund	Construction Bond Fund
Revenues			
Property tax	\$ 3,307,722	\$ -	\$ -
Sales tax	5,152,451	-	-
Mixed beverage taxes	26,769	-	-
Hotel occupancy taxes	-	-	-
Intergovernmental revenue	203,309	-	888,672
License and permits	206,254	-	-
Charges for services	1,081,304	-	-
Fines and forfeitures	635,225	-	-
Franchise tax	146,895	1,603,166	-
Investment income	37,171	18,921	46,840
Royalties	701,295	-	-
Other revenues	285,704	2,230	-
Total Revenues	11,784,099	1,624,317	935,512
Expenditures			
Current:			
General government	1,880,422	-	-
Public safety	8,700,164	-	-
Public service	131,517	-	-
Public works	391,913	1,084,856	-
Parks and recreation	990,648	-	-
Library	421,307	-	-
Debt service:			
Principal	11,166	345,000	-
Interest and fiscal charges	-	110,513	-
Bond issuance costs	-	-	-
Capital outlay	84,469	67,736	3,476,652
Total Expenditures	12,611,606	1,608,105	3,476,652
Revenues Over (Under) Expenditures	(827,507)	16,212	(2,541,140)

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 801,268	\$ 4,108,990
-	5,152,451
-	26,769
475,238	475,238
367,497	1,459,478
-	206,254
-	1,081,304
-	635,225
26,588	1,776,649
16,149	119,081
-	701,295
166,590	454,524
1,853,330	16,197,258

633,907	2,514,329
164,896	8,865,060
-	131,517
-	1,476,769
3,958	994,606
-	421,307
385,000	741,166
457,434	567,947
106,502	106,502
883,133	4,511,990
2,634,830	20,331,193

(781,500)	(4,133,935)
-----------	-------------

City of Mount Pleasant, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	General Fund	Street Fund	Construction Bond Fund
<u>Other Financing Sources (Uses)</u>			
Transfers in	740,934	843,425	-
Transfers (out)	(500)	(113,100)	-
Refunding bonds issued	-	-	-
Premium on bonds issued	-	-	-
Payment to escrow agent	-	-	-
Sale of capital assets	7,829	-	-
Capital lease	-	-	-
Total Other Financing Sources (Uses)	748,263	730,325	-
Net Change in Fund Balances	(79,244)	746,537	(2,541,140)
Beginning fund balances	3,015,693	2,243,315	3,196,716
Ending Fund Balances	\$ 2,936,449	\$ 2,989,852	\$ 655,576

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
500	1,584,859
(45,664)	(159,264)
2,900,000	2,900,000
422,054	422,054
(3,215,951)	(3,215,951)
28,360	36,189
305,381	305,381
<u>394,680</u>	<u>1,873,268</u>
(386,820)	(2,260,667)
1,125,860	9,581,584
<u>\$ 739,040</u>	<u>\$ 7,320,917</u>

(This page intentionally left blank.)

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, 2020

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

Net changes in fund balances - total governmental funds	\$ (2,260,667)
---------------------------------------------------------	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Transfers of capital assets from business type activities	1,053,727
Capital outlay	5,138,313
Net book value of assets disposed	(5,023)
Depreciation expense	(1,865,308)

Revenues in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenues in the funds.

Intergovernmental receivable	(432,210)
------------------------------	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(54,410)
Accrued interest	(67)
Pension expense	(230,289)
OPEB expense	(70,486)
Amortization of debt discount with refunding	(27,743)
Amortization of debt premium and discount	111,449

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Transfers of LT liabilities and deferrals from business type activities	(239,178)
Transfer of OPEB liability from business type activities	(15,815)
Debt refunding - principal change	270,000
Debt issuances - premium increases	(422,054)
Deferred loss on debt refunding	69,167
Capital lease issuance	(305,381)
Principal payments	741,166

Change in Net Position of Governmental Activities	\$ 1,455,191
----------------------------------------------------------	---------------------

See Notes to Financial Statements.

City of Mount Pleasant, Texas

STATEMENT OF NET POSITION PROPRIETARY FUND (Page 1 of 2) September 30, 2020

	Water & Sewer	Airport	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 4,836,934	\$ 246,512	\$ 5,083,446
Restricted cash	4,000,397	-	4,000,397
Accounts and other receivables, net	947,394	-	947,394
Total Current Assets	9,784,725	246,512	10,031,237
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	7,244,207	1,825,725	9,069,932
Net depreciable capital assets	43,933,192	6,476,882	50,410,074
Total Noncurrent Assets	51,177,399	8,302,607	59,480,006
Total Assets	60,962,124	8,549,119	69,511,243
<u>Deferred Outflows of Resources</u>			
Deferred OPEB outflows	45,877	4,997	50,874
Deferred pension outflows	214,526	24,481	239,007
Total Deferred Outflows of Resources	\$ 260,403	\$ 29,478	\$ 289,881

See Notes to Financial Statements.

City of Mount Pleasant, Texas

STATEMENT OF NET POSITION PROPRIETARY FUND (Page 2 of 2) September 30, 2020

	Water & Sewer	Airport	Total
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	\$ 462,529	\$ 14,007	\$ 476,536
Customer deposits	193,105	-	193,105
Compensated absences- due in one year	80,698	27,769	108,467
Long-term debt due within one year	1,405,000	-	1,405,000
Accrued interest	18,707	-	18,707
Total Current Liabilities	2,160,039	41,776	2,201,815
<u>Noncurrent Liabilities</u>			
Net pension liability	894,048	102,020	996,068
OPEB liability	285,371	31,138	316,509
Compensated absences, noncurrent	8,966	3,085	12,051
Debt due in more than one year	23,335,552	-	23,335,552
Total Liabilities	26,683,976	178,019	26,861,995
<u>Deferred Inflows of Resources</u>			
Deferred OPEB inflows	4,027	460	4,487
Deferred pension inflows	196,795	22,456	219,251
Total Deferred Inflows of Resources	200,822	22,916	223,738
<u>Net Position</u>			
Net investment in capital assets	30,437,244	8,302,607	38,739,851
Unrestricted	3,900,485	75,055	3,975,540
Total Net Position	\$ 34,337,729	\$ 8,377,662	\$ 42,715,391

See Notes to Financial Statements.

City of Mount Pleasant, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2020

	Water & Sewer	Civic Center	Airport
<u>Operating Revenues</u>			
Charges for services	\$ 11,319,419	\$ -	\$ 755,627
Other operating revenue	90,454	-	-
Total Operating Revenues	11,409,873	-	755,627
<u>Operating Expenses</u>			
Personnel	2,094,557	-	261,930
Supplies and services	664,152	-	374,837
Maintenance	453,787	-	21,406
Administrative Fees	5,106,722	-	66,090
Depreciation	2,084,435	-	570,425
Total Operating Expenses	10,403,653	-	1,294,688
Operating Income (Loss)	1,006,220	-	(539,061)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	46,255	-	-
Interest expense	(230,458)	-	-
Bond issuance costs	(135,836)	-	-
Other revenue	88,809	-	9,028
Total Nonoperating Revenues (Expenses)	(231,230)	-	9,028
Income (Loss) Before Transfers	774,990	-	(530,033)
Transfers in	14,793	40,075	1,022
Transfers (out)	(1,465,671)	(814,548)	-
Change in Net Position	(675,888)	(774,473)	(529,011)
Beginning net position	35,013,617	774,473	8,906,673
Ending Net Position	\$ 34,337,729	\$ -	\$ 8,377,662

See Notes to Financial Statements.

Total	
\$	12,075,046
	90,454
	<u>12,165,500</u>
	2,356,487
	1,038,989
	475,193
	5,172,812
	2,654,860
	<u>11,698,341</u>
	467,159
	46,255
	(230,458)
	(135,836)
	97,837
	<u>(222,202)</u>
	244,957
	55,890
	<u>(2,280,219)</u>
	(1,979,372)
	44,694,763
\$	<u><u>42,715,391</u></u>

City of Mount Pleasant, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 1 of 2)

For the Year Ended September 30, 2020

	Water & Sewer	Civic Center	Airport
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 11,384,406	\$ -	\$ 755,627
Payments to employees	(2,160,708)	-	(244,106)
Payments to suppliers and contractors	(6,164,943)	-	(458,549)
Net Cash Provided (Used) by Operating Activities	3,058,755	-	52,972
<u>Cash Flows from Noncapital Financing Activities</u>			
Nonoperating revenue	54,434	-	9,028
Transfer to other funds	(1,890,942)	(203,320)	219,043
Net Cash Provided (Used) by Noncapital Financing Activities	(1,836,508)	(203,320)	228,071
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchase of capital assets	(692,697)	-	(139,028)
Proceeds from sale of capital assets	34,375	-	-
Principal paid on capital debt	(1,406,165)	-	-
Proceeds from issuance of debt	4,135,836	-	-
Interest paid on capital debt	(360,579)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	1,710,770	-	(139,028)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	46,255	-	-
Net Cash Provided by Investing Activities	46,255	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,979,272	(203,320)	142,015
Beginning cash and cash equivalents	5,858,059	203,320	104,497
Ending Cash and Cash Equivalents	\$ 8,837,331	\$ -	\$ 246,512

See Notes to Financial Statements.

Total

\$ 12,140,033
(2,404,814)
(6,623,492)
3,111,727

63,462
(1,875,219)

(1,811,757)

(831,725)
34,375
(1,406,165)
4,135,836
(360,579)

1,571,742

46,255
46,255

2,917,967

6,165,876

\$ 9,083,843

City of Mount Pleasant, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUND (Page 2 of 2)

For the Year Ended September 30, 2020

	Water & Sewer	Civic Center	Airport
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (loss)	\$ 1,006,220	\$ -	\$ (539,061)
Adjustments to reconcile operating income to net cash provided:			
Depreciation	2,084,435	-	570,425
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(37,646)	-	-
Deferred outflows/inflows - pension and OPEB	474,506	-	43,912
Increase (Decrease) in:			
Accounts payable and accrued liabilities	59,718	-	3,784
Customer deposits	12,179	-	-
Net pension liability	(578,896)	-	(37,180)
OPEB liability	50,680	-	6,902
Compensated absences	(12,441)	-	4,190
Net Cash Provided (Used) by Operating Activities	\$ 3,058,755	\$ -	\$ 52,972

Schedule of Non-Cash Capital and Related

Transfer of civic center fund to govt. act.	\$ -	\$ (611,228)	\$ -
Transfer of OPEB liability to govt. act.	\$ 14,793	\$ -	\$ 1,022

See Notes to Financial Statements.

Total

\$ 467,159

2,654,860

(37,646)

518,418

63,502

12,179

(616,076)

57,582

(8,251)

\$ 3,111,727

\$ (611,228)

\$ 15,815

(This page intentionally left blank.)

City of Mount Pleasant, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Mount Pleasant, Texas (the "City") was incorporated in 1900 and has a Council/Manager form of government with a City Council comprised of an elected Mayor and five council members. The City provides a full range of municipal services including public safety, streets, parks and recreation, community development, planning and zoning, and general administrative services. In addition, the City provides water and sewer service, civic center, and airport services, as enterprise functions of the City.

As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Mount Pleasant Industrial Development Corporation ("IDC") is legally separate and presented as a discretely presented component unit. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Mount Pleasant Industrial Development Corporation

The City of Mount Pleasant Industrial Development Corporation is governed by a five member board of directors appointed, at will, by the City Council. The Mount Pleasant Industrial Development Corporation ("IDC") is a political subdivision of the City of Mount Pleasant, authorized under Chapter 377 of the Texas Government Code, which was formed in 1993 when the citizens of Mount Pleasant approved its creation and authorized it to impose a one-half percent sales tax to finance development projects beneficial to the District.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

State law allows the District to collect a sales tax up to one-half of one percent, and tax receipts began in 1993. Separate financial statements have not been prepared.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions 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.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and community development. The general service fund is considered a major fund for reporting purposes.

Street Fund

This fund is a capital projects fund used to account for the administration, operation, and maintenance of the City's streets. The fund also accounts for any street projects while under construction.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Construction Bond Fund

This fund is a capital projects fund used to account for capital improvements that occur. The fund is considered a major fund for reporting purposes.

The City reports the following major enterprise funds:

Water and Sewer Fund

This fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

Airport Fund

This fund is used to account for the operations of the airport. Activities of the fund include the administration, operation, and maintenance of the airport infrastructure. The fund also accounts for airport projects while under construction.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when 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 payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

D. Assets, Deferred Outflows/Inflows, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

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. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance nonspendable account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Vehicles	6 years
Furniture and equipment	5 - 10 years
Infrastructure	30 - 45 years
Buildings	45 years
Buildings improvements	15 – 20 years

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, fines, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumptions

Sometimes the government 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 government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

9. Fund Balance Flow Assumptions

Sometimes the government 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 government'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.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through the following spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. City council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by City Council or by an official or body to which the Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

11. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

12. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

13. Estimates

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

14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City employees who retire from the City under the Texas Municipal Retirement System, and who are covered by the City's group hospitalization and medical insurance at the time of retirement, will be eligible to receive the current health plan from age 60 to 65. The City will contribute toward the plan equal to the active individual rate, and the retiree is responsible for the difference.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, and special revenue funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control is the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended, expenditures exceeded appropriations at the legal level of control and as follows:

General Fund:	
Total expenditures	\$ 119,027
Debt Service Fund:	
Total expenditures	\$ 158,723
Cemetery Fund:	
Total expenditures	\$ 3,356
Police Seizures Fund:	
Total expenditures	\$ 36,904
Police Fund:	
Total expenditures	\$ 100,792
Transfers out	\$ 589
Library Fund:	
Total expenditures	\$ 1,958
Capital Replacement Fund:	
Total expenditures	\$ 609,134
Hotel/Motel/Civic Center Fund:	
Transfers out	\$ 45,075

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

B. Deficit Fund Equity

The Capital Replacement fund had a deficit fund balance of \$272,752 as of September 30, 2020 due to cumulative capital outlay expenditures exceeding cumulative revenues and transfers in received.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	\$ 15,613,032	0.12
Total fair value	\$ 15,613,032	
Portfolio weighted average maturity		0.12

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed one year; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2020, the City's investments in TexPool and LOGIC were rated AAAM by Standard & Poor's.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2020, the market values of pledged securities and FDIC exceeded bank balances.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. 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, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2020, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

LOGIC

LOGIC is a local government investment pool organized under the authority of 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 was created in April 1994 through a contract among its participating governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control. LOGIC's policy seeks to invest pooled assets in a manner that will provide for safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return by utilizing economies of scale and professional investment expertise. Standard & Poor's rates Local Government Investment Cooperative (LOGIC) 'AAAM'. This is Standard & Poor's highest principal stability fund rating and is based on an analysis of the pool's investment portfolio and guidelines, market price exposure, and management. The rating demonstrates that the pool has an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. LOGIC has a conservative investment policy and invests in only authorized investments under the Texas Public Funds Investment Act. To ensure an accurate and current rating, Standard & Poor's monitors pertinent pool information,

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

including the fund's portfolio holdings, on a weekly basis. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>Street</u>	<u>Nonmajor Government</u>	<u>Water / Sewer</u>	<u>Total</u>
Property tax	\$ 154,560	\$ -	\$ 7,190	\$ -	\$ 161,750
Sales tax	943,738	-	-	-	943,738
Franchise tax	-	162,406	6,729	-	169,135
Intergovernmental	-	-	31,796	-	31,796
Hotel occupancy taxes	-	-	29,242	-	29,242
Accounts, net	40,972	-	-	1,134,060	1,175,032
Allowance	(92,736)	-	-	(186,666)	(279,402)
Total	<u>\$ 1,046,534</u>	<u>\$ 162,406</u>	<u>\$ 74,957</u>	<u>\$ 947,394</u>	<u>\$ 2,231,291</u>

The following comprise receivable balances of the discretely presented component unit at year end:

	<u>Industrial Development District</u>
Sales tax	\$ 314,579
Total	<u>\$ 314,579</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 2,049,394	\$ -	\$ -	\$ 2,049,394
Construction in progress	3,760,539	3,610,087	-	7,370,626
Total capital assets not being depreciated	<u>5,809,933</u>	<u>3,610,087</u>	<u>-</u>	<u>9,420,020</u>
Capital assets, being depreciated:				
Buildings	10,069,986	-	1,343,800	11,413,786
Improvements	9,772,842	100,491	392,382	10,265,715
Infrastructure	26,350,371	66,901	-	26,417,272
Machinery	5,873,726	459,927	373,936	6,707,589
Vehicles	3,372,735	900,907	(63,922)	4,209,720
Total capital assets being depreciated	<u>55,439,660</u>	<u>1,528,226</u>	<u>2,046,196</u>	<u>59,014,082</u>
Less accumulated depreciation				
Buildings	(2,705,839)	(253,115)	(585,702)	(3,544,656)
Improvements	(4,293,208)	(359,290)	(225,730)	(4,878,228)
Infrastructure	(12,084,854)	(497,122)	-	(12,581,976)
Machinery	(4,194,631)	(572,764)	(246,559)	(5,013,954)
Vehicles	(2,795,216)	(183,017)	60,499	(2,917,734)
Total accumulated depreciation	<u>(26,073,748)</u>	<u>(1,865,308)</u>	<u>(997,492)</u>	<u>(28,936,548)</u>
Net capital assets being depreciated	<u>29,365,912</u>	<u>(337,082)</u>	<u>1,048,704</u>	<u>30,077,534</u>
Total Capital Assets	<u>\$ 35,175,845</u>	<u>\$ 3,273,005</u>	<u>\$ 1,048,704</u>	<u>\$ 39,497,554</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 71,650
Public safety	411,989
Public service	17,913
Public works	1,038,930
Parks and recreation	199,438
Library	125,388
Total Governmental Activities Depreciation Expense	<u>\$ 1,865,308</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 8,794,228	\$ -	\$ -	\$ 8,794,228
Construction in progress	-	275,704	-	275,704
Total capital assets not being depreciated	<u>8,794,228</u>	<u>275,704</u>	<u>-</u>	<u>9,069,932</u>
Capital assets, being depreciated:				
Buildings	33,425,257	46,973	(1,343,798)	32,128,432
Improvements	19,078,772	139,028	(392,382)	18,825,418
Infrastructure	29,660,655	-	-	29,660,655
Machinery	8,699,608	295,030	(393,936)	8,600,702
Vehicles	1,353,661	74,990	(181,058)	1,247,593
Total capital assets being depreciated	<u>92,217,953</u>	<u>556,021</u>	<u>(2,311,174)</u>	<u>90,462,800</u>
Less accumulated depreciation				
Buildings	(10,778,812)	(635,587)	585,702	(10,828,697)
Improvements	(8,271,064)	(899,496)	225,730	(8,944,830)
Infrastructure	(12,057,320)	(545,807)	-	(12,603,127)
Machinery	(6,571,670)	(462,839)	264,959	(6,769,550)
Vehicles	(976,449)	(111,131)	181,058	(906,522)
Total accumulated depreciation	<u>(38,655,315)</u>	<u>(2,654,860)</u>	<u>1,257,449</u>	<u>(40,052,726)</u>
Net capital assets being depreciated	<u>53,562,638</u>	<u>(2,098,839)</u>	<u>(1,053,725)</u>	<u>50,410,074</u>
Total capital assets	<u><u>\$ 62,356,866</u></u>	<u><u>\$ (1,823,135)</u></u>	<u><u>\$ (1,053,725)</u></u>	<u><u>\$ 59,480,006</u></u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 2,084,435
Airport	570,425
Total Governmental Activities Depreciation Expense	<u><u>\$ 2,654,860</u></u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

A summary of changes in the Mount Pleasant Industrial Development Corporation capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 1,628,156	\$ -	\$ -	\$ 1,628,156
Total capital assets not being depreciated	<u>1,628,156</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>5,850,334</u>
Less accumulated depreciation				
Buildings	(145,292)	(36,274)	-	(181,566)
Improvements	(1,023,708)	(86,170)	-	(1,109,878)
Infrastructure	(643,571)	(50,124)	-	(693,695)
Total accumulated depreciation	<u>(1,812,571)</u>	<u>(172,568)</u>	<u>-</u>	<u>(1,985,139)</u>
Net capital assets being depreciated	<u>4,037,763</u>	<u>(172,568)</u>	<u>-</u>	<u>3,865,195</u>
Total capital assets	<u>\$ 5,665,919</u>	<u>\$ (172,568)</u>	<u>\$ -</u>	<u>\$ 5,493,351</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

F. Long-term Debt

The following is a summary of changes in the City's and Component Unit's total long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Comb. tax and revenue certificates	\$ 8,415,000	\$ -	\$ (160,000)	\$ 8,255,000	\$ 165,000
Certificates of obligations	8,410,000	-	(3,710,000)	4,700,000	350,000
General obligation bonds	-	2,900,000	(30,000)	2,870,000	185,000
Capital lease obligation	11,166	305,381	(11,166)	305,381	43,626
Issuance premium	701,569	422,054	(83,706)	1,039,917	-
Total Governmental Activities	<u>\$ 17,537,735</u>	<u>\$ 3,627,435</u>	<u>\$ (3,994,872)</u>	<u>\$ 17,170,298</u>	<u>\$ 743,626</u>
				<u>\$ 16,426,672</u>	
Long-term Liabilities Due in More than One Year					
Business-Type Activities:					
Revenue bonds	\$ 20,305,000	\$ -	\$ (1,125,000)	\$ 19,180,000	\$ 1,145,000
Comb. Tax and revenue certificates	\$ -	3,985,000	-	3,985,000	-
GO refunding bonds	1,735,000	-	(270,000)	1,465,000	260,000
Issuance discount	(45,999)	-	6,571	(39,428)	-
Issuance premium	-	150,836	(856)	149,980	-
Capital lease obligation	11,165	-	(11,165)	-	-
Total Business-Type Activities	<u>\$ 22,005,166</u>	<u>\$ 4,135,836</u>	<u>\$ (1,400,450)</u>	<u>\$ 24,740,552</u>	<u>\$ 1,405,000</u>
				<u>\$ 23,335,552</u>	
Long-term Liabilities Due in More than One Year					
Component Unit Activities:					
IDC Taxable Note Payable	\$ 1,072,528	\$ -	\$ (163,979)	\$ 908,549	\$ 169,578
IDC Non-Taxable Note Payable	640,677	-	(93,436)	547,241	98,445
Total Component Unit Activities:	<u>\$ 1,713,205</u>	<u>\$ -</u>	<u>\$ (257,415)</u>	<u>\$ 1,455,790</u>	<u>\$ 268,023</u>
				<u>\$ 1,187,767</u>	
Long-term Liabilities Due in More than One Year					

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Capital leases are collateralized by the respective assets being leased. If any default on these leases the City would forfeit the respective asset to the lessor.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Maturity Date	Original Balance	Current Balance
Governmental Activities:				
2012 Certificates of obligation	2%-2.75%	5/15/2032	7,115,000	4,700,000
2017 Combination tax & revenue certificates	4%	5/15/2038	8,440,000	8,255,000
Total Certificates of Obligation			<u>15,555,000</u>	<u>12,955,000</u>
2020 General obligation refunding bond	2%-4%	5/15/2030	2,900,000	2,870,000
Total General Obligation Bonds			<u>2,900,000</u>	<u>2,870,000</u>
2020 Capital Lease	3.50%	9/30/2027	305,381	305,381
Total Capital Lease			<u>305,381</u>	<u>305,381</u>
Total Governmental Activities			<u>\$ 18,760,381</u>	<u>\$ 16,130,381</u>
Business-Type Activities:				
2008 Utility System Revenue Bonds	1.00%	3/15/2033	\$ 22,905,000	\$ 19,180,000
2016 General Obligation Refunding Bond	2%-2.75%	5/15/2026	7,115,000	1,465,000
Total Bonds			<u>30,020,000</u>	<u>20,645,000</u>
2020 Combination tax & revenue certificates	1.15%-4.15%	5/15/2041	3,980,000	3,985,000
Total Certificates			<u>3,980,000</u>	<u>3,985,000</u>
2015 Capital Lease	1.50%	6/3/2020	61,865	-
Total Capital Lease			<u>61,865</u>	<u>-</u>
Total Business-Type Activities			<u>\$ 34,061,865</u>	<u>\$ 24,630,000</u>
Component Unit Activities:				
2012 IDC Taxable	3.40%	9/10/2019	2,076,635	908,549
2012 IDC Nontaxable	5.20%	9/10/2019	1,175,500	547,241
Total Notes Payable			<u>3,252,135</u>	<u>1,455,790</u>
Total Component Unit Activities			<u>\$ 3,252,135</u>	<u>\$ 1,455,790</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities					
	General Obligation Bond		Certificates of Obligation		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 185,000	\$ 114,800	\$ 515,000	\$ 418,113	\$ 43,626	\$ 6,217
2022	205,000	107,400	525,000	407,813	43,626	6,217
2023	225,000	99,200	535,000	397,313	43,626	6,217
2024	245,000	90,200	545,000	384,913	43,626	6,217
2025	270,000	80,400	560,000	372,263	43,626	6,217
2026	295,000	69,600	570,000	359,263	43,626	6,217
2027	320,000	57,800	585,000	346,013	43,625	6,217
2028	345,000	45,000	600,000	332,413	-	-
2029	375,000	31,200	615,000	315,913	-	-
2030	405,000	16,200	635,000	298,488	-	-
2031	-	-	1,125,000	279,388	-	-
2032	-	-	1,160,000	240,300	-	-
2033	-	-	750,000	199,400	-	-
2034	-	-	780,000	169,400	-	-
2035	-	-	815,000	138,200	-	-
2036	-	-	845,000	105,600	-	-
2037	-	-	880,000	71,800	-	-
2038	-	-	915,000	36,600	-	-
Total	<u>\$ 2,870,000</u>	<u>\$ 711,800</u>	<u>\$ 12,955,000</u>	<u>\$ 4,873,193</u>	<u>\$ 305,381</u>	<u>\$ 43,519</u>

The net book value of capital assets with a capital lease as of September 30, 2020 was \$615,644.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending September 30,	Business-Type Activities			
	Certificates of Obligation		GO Refunding Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 1,145,000	\$ 237,323	\$ 260,000	\$ 23,294
2022	1,250,000	251,795	255,000	19,160
2023	1,270,000	237,495	250,000	15,105
2024	1,295,000	223,608	240,000	11,130
2025	1,320,000	207,855	235,000	7,314
2026	1,340,000	191,878	225,000	3,578
2027	1,610,000	174,450	-	-
2028	1,625,000	155,598	-	-
2029	1,835,000	135,620	-	-
2030	1,850,000	114,518	-	-
2031	2,000,000	95,790	-	-
2032	2,080,000	75,393	-	-
2033	2,105,000	54,148	-	-
2034	290,000	41,703	-	-
2035	295,000	37,933	-	-
2036	295,000	33,508	-	-
2037	300,000	29,083	-	-
2038	305,000	24,133	-	-
2039	310,000	19,100	-	-
2040	320,000	12,900	-	-
2041	325,000	6,500	-	-
Total	\$ 23,165,000	\$ 2,360,331	\$ 1,465,000	\$ 79,581

The annual requirements to amortize component unit activities debt issues outstanding at year ending were as follows:

Year ending September 30,	Component Unit Activities	
	Notes Payable	
	Principal	Interest
2021	\$ 268,023	\$ 54,415
2022	279,155	43,313
2023	290,737	31,733
2024	302,822	19,648
2025	315,053	7,036
Total	\$ 1,455,790	\$ 156,145

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

On August 18, 2020, the City issued \$3,985,000 combination tax and revenue certificates with an approximate interest rate ranging from 1.15% - 4.15%. The certificates are to be repaid annually through May 15, 2041. Proceeds received from the issuance were \$4,135,836, including a premium on issuance of \$150,836. Issuance costs including the underwriter's discount totaled \$135,836. The remainder of the proceeds received are classified as restricted cash to be used for improvements to the city's water and wastewater system.

G. Advanced Refunding

On February 13, 2020, the City issued \$2,900,000 in general obligation refunding bonds with an approximate interest rate of 2 - 4.00%. Bond proceeds received for \$3,322,054, including the premium of \$422,054, were used to advance refund \$3,170,000 of outstanding 2010 certificates of obligation, which had an interest rate of 2%-3.75%. The net proceeds of the refunding portion of \$3,215,951 (after payment of \$106,502 in underwriting fees and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded certificates of obligation. As a result, the obligations are considered defeased and the liability for those certificates has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt and debt discount of \$27,743 by \$73,695. This amount is being amortized over the remaining life of the refunding debt. The net balance of the deferred loss was \$69,167 as of September 30, 2020. This advance refunding reduced its total debt service payments by \$229,706 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$174,787. The refunding did not significantly change the payment term of the related debt.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

H. Other Long-term Liabilities

The following is a summary of changes in the City’s other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Additions, net</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 622,700	\$ 4,316	\$ 54,410	\$ 681,426	\$ 613,283
Total Governmental Activities	<u>\$ 622,700</u>	<u>\$ 4,316</u>	<u>\$ 54,410</u>	<u>\$ 681,426</u>	<u>\$ 613,283</u>
Business-Type Activities:					
Compensated Absences	\$ 133,085	\$ (12,567)	\$ -	\$ 120,518	\$ 108,467
Total Business-Type Activities	<u>\$ 133,085</u>	<u>\$ (12,567)</u>	<u>\$ -</u>	<u>\$ 120,518</u>	<u>\$ 108,467</u>
Component Unit Activities:					
Compensated Absences	\$ 9,092	\$ -	\$ 3,989	\$ 13,081	\$ 11,773
Total Component Unit Activities	<u>\$ 9,092</u>	<u>\$ -</u>	<u>\$ 3,989</u>	<u>\$ 13,081</u>	<u>\$ 11,773</u>

I. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2020, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Street	Capital Replacement	261,907
Street	Police	29,317
Street	Construction Bond	400,380
		<u>\$ 691,604</u>

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
 September 30, 2020

J. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Total</u>
General	Nonmajor governmental	\$ 500
Street	General	113,100
Nonmajor governmental	General	5,589
Nonmajor governmental	Civic center	40,075
Water & Sewer	Street	843,425
Water & Sewer	General	622,246
Civic Center	Governmental Activities	814,548
Governmental Activities	Water & Sewer	14,793
Governmental Activities	Airport	1,022
	Total Transfers	<u><u>\$ 2,455,298</u></u>

Amounts transferred between funds relate to amounts collected by general and enterprise funds for various governmental expenditures, capital expenditures and debt payments.

During the year, the civic center fund was transferred from business-type activities to governmental activities. This decision was made by the City based on this fund not attempting to recover costs through its revenue generating activities. This resulted in negative \$(40,075) fund balance being transferred to governmental funds (modified accrual), and an additional \$814,548 net position to governmental activities for long term assets and long-term liabilities at the government-wide level (full accrual).

During the year, the allocation of the OPEB liability between governmental and business-type activities changed due to payroll allocations. This resulted in a transfer of \$15,815 (\$14,793 + \$1,022) of OPEB liability from business-type activities to governmental activities.

K. Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The following is a list of fund balances restricted/committed/assigned by the City:

	<u>Restricted</u>	<u>Assigned</u>
Debt service	\$ 41,924	\$ -
Community Development	314,460	-
Cemetary	8,627	-
Municipal court	216,229 *	-
Tourism	22,795	-
Development	234,466	-
Capital projects	655,576	-
Public safety	34,279	-
Capital projects	-	2,989,852
Public safety	-	16,858
Library	-	13,553
Community Improvements	-	341,572
Total	<u>\$ 1,528,356</u>	<u>\$ 3,361,835</u>

*Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

The City owns the land being used for the Pleasant Oaks Landfill within the City of Mount Pleasant. The City leases the landfill to an operating company, Republic, the “lessee”, that operates the landfill and pays a royalty to the City based on the volume of activity. As a condition to the lease arrangement between the City and the lessee, the lessee has agreed to assume all closure and post-closure costs associated with the landfill.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

D. Construction Commitments

As of September 30, 2020, the City had the following contractual construction commitments:

<u>Project</u>	<u>Remaining Commitment</u>
Water plan update	\$ 10,215
Water risk study	8,000
Emergeny management response	8,000
Pavement assessment	94,499
School street	86,897
Basin sewer line	276,527
Police HVAC replacement	320,479
Anderson drainage	13,142
Big tex lift station	41,400
24 inch water line	327,630
I-30 storage tank	159,170
HC intercepters	175,385
Anderson Servvuy	16,236
12" water line	180,943
Symmetry turf	521,953
E TTL inspection	9,477
MPH planning	90,427
Godwin Design	102,750
Total	\$ 2,443,130

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

E. Pension Plans

Texas Municipal Retirement Systems

1. Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the 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 (the 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, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's 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.com.

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 governing body of the city, 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 retirement benefit in one of seven payments 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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Plan provisions for the City were as follows:

	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 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	70% of CPI

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	96
Inactive employees entitled to but not yet receiving benefits	86
Active employees	164
Total	346

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. 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 15.09% and 14.98% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$1,343,731, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 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%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability 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 Total Pension Liability.

Sensitivity of the Net Pension Liability (Asset) 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 (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 11,963,777	\$ 5,217,631	\$ (251,284)

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/18	\$ 40,178,344	\$ 32,362,463	\$ 7,815,881
Changes for the year:			
Service Cost	1,418,226	-	1,418,226
Interest	2,718,098	-	2,718,098
Difference between expected and actual experience	(13,552)	-	(13,552)
Changes of assumptions	100,803	-	100,803
Contributions – employer	-	1,258,146	(1,258,146)
Contributions – employee	-	583,632	(583,632)
Net investment income (loss)	-	5,009,166	(5,009,166)
Benefit payments, including refunds of emp. contributions	(1,238,689)	(1,238,689)	-
Administrative expense	-	(28,270)	28,270
Other changes	-	(849)	849
Net changes	2,984,886	5,583,136	(2,598,250)
Balance at 12/31/19	\$ 43,163,230	\$ 37,945,599	\$ 5,217,631

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the year ended September 30, 2020, the City recognized pension expense of \$1,481,827.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	\$ 122,975	\$ -
Changes in actuarial assumptions	77,307	
Difference between projected and investment earnings	-	(1,148,488)
Contributions subsequent to the measurement date	1,051,690	-
Total	\$ 1,251,972	\$ (1,148,488)

The City reported \$1,051,690 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year			
2021	\$	(253,259)	
2022		(248,293)	
2023		112,387	
2024		(559,041)	
2025		-	
Thereafter		-	
Total	\$	(948,206)	

6. Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is 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.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	26
Active employees	164
Total	246

The City’s contributions to the TMRS SDBF for the years ended 2019, and 2020 were \$3,549 and \$3,582, respectively, which equaled the required contributions each year.

Three-Year Contribution Information

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2018	0.05%	0.05%	100.0%
2019	0.04%	0.04%	100.0%
2020	0.04%	0.04%	100.0%

Total OPEB Liability

The City’s Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2019, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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 Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 2.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

1% Decrease (1.75%)	Current Single Rate Assumption 2.75%	1% Increase (3.75%)
<u>\$ 577,183</u>	<u>\$ 470,342</u>	<u>\$ 388,039</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/18	\$ 385,225
Changes for the year:	
Service Cost	14,175
Interest	14,493
Difference between expected and actual experience	(22,420)
Changes of assumptions	82,204
Benefit payments	(3,335)
Net changes	85,117
Balance at 12/31/19	\$ 470,342

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense for the SDBF of \$37,683.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the TMRS SDBF OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions subsequent to measurement date	\$ 2,808	\$ -
Difference in experience	-	(23,505)
Change in assumptions	65,904	-
Total	\$ 68,712	\$ (23,505)

The City reported \$2,808 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ 9,016
2021	9,016
2022	10,505
2023	2,058
2024	9,596
Thereafter	2,208
	\$ 42,399

F. Other Post-Employment Benefits

Health Care Benefit Provided by Plan

The City offers a single-employer OPEB plan. For eligible retirees (age 60 to 65 with service), the City provides a flat subsidy per month, based on the premium of the High Deductible Health Plan (HDHP) of the current fiscal year. The monthly subsidy was equal to \$411.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.25%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2020.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.25%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

1% Decrease (1.25%)	Current Single Rate Assumption 2.25%	1% Increase (3.25%)
\$ 934,412	\$ 1,041,811	\$ 1,170,554

Healthcare Cost Trend

1% Decrease (3.50%)	Current Healthcare Cost Trend (4.50%)	1% Increase (5.50%)
\$ 934,412	\$ 1,041,811	\$ 1,170,554

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2019	\$ 824,528
Changes for the year:	
Service Cost	57,160
Interest	34,289
Difference between expected and actual experience	56,912
Changes of assumptions	143,199
Contributions – employer	-
Contributions – employee	-
Net investment income	-
Benefit payments	(74,277)
Net changes	217,283
Balance at 9/30/2020	\$ 1,041,811

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$118,060. There were no deferred inflows or outflows related to this plan.

Employees covered by benefit terms

At the September 30, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Employee</u>	<u>Employee & Spouse</u>
Inactive employees or beneficiaries currently receiving benefits	5	-
Active employees	105	37
Total	110	37

Funding Status and Funding Progress

Actuarial valuations of an ongoing program 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 Program 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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The current valuation dated and measured as of September 30, 2020 uses the mortality table: RPH-2014 Total Table with Projection MP-2019.

Actuarial Methods and Assumptions

There have been no substantive changes in the retiree plan since the last full valuation. Therefore, the interim-year projection study is based on the census information, benefit schedules and costs for the fiscal year 2020 actuarial valuation for the development of the GASB 75 disclosures related to OPEB benefits for the year ended September 30, 2020 and roll forward using a measurement date of September 30, 2020.

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	2.25%
Inflation Rate	3.00%
Salary Growth	3.5%
Healthcare Cost Trend Rate (Initial/Ultimate)	4.5% for medical

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Healthcare OPEB liability from the following sources:

	Deferred Outflows of Resources
Difference in experience	\$ 49,344
Change in assumptions	124,158
Total	\$ 173,502

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2020

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2021	\$ 26,610
2022	26,610
2023	26,610
2024	26,610
2025	26,610
Thereafter	40,452
	\$ 173,502

G. Restatement

Due to an accounting error in capital assets, the City restated its beginning net position within the two proprietary funds listed below:

	Water & Sewer	Civic Center	Business-Type Activities
Prior year end net position, as reported	\$ 35,064,102	\$ 723,988	\$ 44,694,763
Prior year capital asset disposal	(50,485)	50,485	-
Restated net position balance	\$ 35,013,617	\$ 774,473	\$ 44,694,763

H. Subsequent Events

There were no material subsequent events through March 12, 2021, the date the financial statements were available to be issued.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 3,412,893	\$ 3,382,893	\$ 3,307,722	\$ (75,171)
Sales tax	4,703,690	5,025,200	5,152,451	127,251
Mixed beverage tax	45,000	35,000	26,769	(8,231)
Franchise and local taxes	83,000	146,000	146,895	895
License and permits	75,800	120,800	206,254	85,454
Charges for services	1,168,412	1,124,412	1,081,304	(43,108)
Intergovernmental revenue	12,500	73,697	203,309	129,612
Fines and forfeitures	957,100	757,100	635,225	(121,875)
Investment income	90,000	90,000	37,171	(52,829)
Royalties	600,000	806,400	701,295	(105,105)
Other revenues	95,000	219,000	285,704	66,704
Total Revenues	<u>11,243,395</u>	<u>11,780,502</u>	<u>11,784,099</u>	<u>3,597</u>
<u>Expenditures</u>				
Current:				
General government	1,512,676	1,936,815	1,880,422	56,393
Public safety	8,733,804	8,586,447	8,700,164	(113,717)
Public service	248,749	230,149	131,517	98,632
Public works	164,704	172,108	391,913	(219,805)
Parks and recreation	885,868	1,126,328	990,648	135,680
Library	427,406	420,732	421,307	(575)
Capital outlay	-	-	84,469	(84,469)
Debt service:				
Principal	12,365	20,000	11,166	8,834
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>11,985,572</u>	<u>12,492,579</u>	<u>12,611,606</u>	<u>(119,027) *</u>
Revenues Over (Under)				
Expenditures	<u>(742,177)</u>	<u>(712,077)</u>	<u>(827,507)</u>	<u>(115,430)</u>

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

See Notes to Financial Statements.

City of Mount Pleasant, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Other Financing Sources (Uses)</u>				
Transfers in	757,500	739,500	740,934	1,434
Transfers (out)	(35,323)	(35,323)	(500)	34,823
Sale of capital assets	20,000	7,900	7,829	(71)
Total Other				
Financing Sources (Uses)	<u>742,177</u>	<u>712,077</u>	<u>748,263</u>	<u>36,186</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(79,244)</u>	<u>\$ (79,244)</u>
Beginning fund balance			<u>3,015,693</u>	
Ending Fund Balance			<u><u>\$ 2,936,449</u></u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Mount Pleasant, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended December 31,

	¹ 2019	2018
Total pension liability		
Service cost	\$ 1,418,227	\$ 1,429,608
Interest	2,718,098	2,516,855
Differences between expected and actual experience	(13,552)	262,972
Changes of assumptions	100,803	-
Benefit payments, including refunds of participant contributions	(1,238,689)	(1,206,054)
Net change in total pension liability	2,984,887	3,003,381
Total pension liability - beginning	\$ 40,178,344	\$ 37,174,963
Total pension liability - ending (a)	\$ 43,163,231	\$ 40,178,344
Plan fiduciary net position		
Contributions - employer	\$ 1,258,146	\$ 1,262,297
Contributions - members	583,632	579,795
Net investment income	5,009,166	(981,247)
Benefit payments, including refunds of participant contributions	(1,238,689)	(1,206,054)
Administrative expenses	(28,270)	(18,947)
Other	(849)	(990)
Net change in plan fiduciary net position	5,583,136	(365,146)
Plan fiduciary net position - beginning	32,362,464	32,727,610
Plan fiduciary net position - ending (b)	\$ 37,945,600	\$ 32,362,464
Fund's net pension liability - ending (a) - (b)	\$ 5,217,631	\$ 7,815,880
Plan fiduciary net position as a percentage of the total pension liability	87.91%	80.55%
Covered payroll	\$ 8,337,600	\$ 8,282,780
Fund's net position as a percentage of covered payroll	62.58%	94.36%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	1,329,605	\$ 1,227,492	\$ 1,115,182	\$ 1,011,813
	2,344,212	2,180,101	2,111,839	1,979,099
	(25,061)	(1,282)	(293,769)	(196,764)
	-	-	160,204	-
	(1,076,107)	(976,083)	(1,065,821)	(833,264)
	<u>2,572,649</u>	<u>2,430,228</u>	<u>2,027,635</u>	<u>1,960,884</u>
\$	<u>34,602,314</u>	<u>\$ 32,172,086</u>	<u>\$ 30,144,451</u>	<u>\$ 28,183,567</u>
\$	<u>37,174,963</u>	<u>\$ 34,602,314</u>	<u>\$ 32,172,086</u>	<u>\$ 30,144,451</u>
	1,202,940	1,094,829	1,058,856	1,056,491
	543,965	499,271	463,831	445,241
	3,907,476	1,746,137	37,417	1,336,903
	(1,076,107)	(976,083)	(1,065,821)	(833,264)
	(20,234)	(19,713)	(22,790)	(13,956)
	(1,025)	(1,062)	(1,126)	(1,147)
	<u>4,557,015</u>	<u>2,343,379</u>	<u>470,367</u>	<u>1,990,268</u>
	<u>28,170,595</u>	<u>25,827,216</u>	<u>25,356,849</u>	<u>23,366,581</u>
\$	<u>32,727,610</u>	<u>\$ 28,170,595</u>	<u>\$ 25,827,216</u>	<u>\$ 25,356,849</u>
\$	<u>4,447,353</u>	<u>\$ 6,431,719</u>	<u>\$ 6,344,870</u>	<u>\$ 4,787,602</u>
	88.04%	81.41%	80.28%	84.12%
\$	7,770,922	\$ 7,132,436	\$ 6,626,153	\$ 6,360,582
	57.23%	90.18%	95.75%	96.33%

City of Mount Pleasant, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	¹ 9/30/2020	9/30/2019	9/30/2018	9/30/2017
Actuarially determined employer contributions	\$ 1,343,731	\$ 1,267,196	\$ 1,252,188	\$ 1,104,101
Contributions in relation to the actuarially determined contribution	\$ 1,343,731	\$ 1,267,196	\$ 1,252,188	\$ 1,104,101
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 8,955,953	\$ 8,377,947	\$ 8,186,857	\$ 7,132,436
Employer contributions as a percentage of covered payroll	15.00%	15.13%	15.30%	15.48%

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

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	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables Pre-retirement: PUB(10) mortality tables, with the Public Safety tables used for males and the General Employee table for females.

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 1,017,114	\$ 1,016,421	\$ 1,018,823
<u>\$ 1,017,114</u>	<u>\$ 1,016,421</u>	<u>\$ 1,018,823</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,626,153	\$ 6,360,582	\$ 6,133,792
15.35%	15.98%	16.61%

City of Mount Pleasant, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended December 31,

	¹ 2019	2018
Total OPEB liability		
Service cost	\$ 14,174	\$ 18,222
Interest	14,493	13,303
Differences between expected and actual experience	(22,420)	(6,872)
Changes of assumptions	82,204	(30,116)
Benefit payments, including refunds of participant contributions	(3,335)	(4,141)
Net change in total OPEB liability	85,116	(9,604)
Total OPEB liability - beginning	\$ 385,226	\$ 394,830
Total OPEB liability - ending	² \$ 470,342	\$ 385,226
Covered payroll	\$ 8,282,780	\$ 8,282,780
Fund's net position as a percentage of covered payroll	5.68%	4.65%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>2017</u>	
\$	14,765
	12,968
	-
	33,349
	(3,885)
	<u>57,197</u>
\$	<u>337,633</u>
\$	<u>394,830</u>
\$	7,770,922
	5.08%

City of Mount Pleasant, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM RETIREE HEALTHCARE Years Ended December 31,

	¹ 2019	2018
Total OPEB liability		
Service cost	\$ 57,160	\$ 57,162
Interest	34,289	31,781
Differences between expected and actual experience	56,912	-
Changes of assumptions	143,199	-
Benefit payments, including refunds of participant contributions	(74,277)	(37,217)
Net change in total OPEB liability	217,283	51,726
Total OPEB liability - beginning	\$ 824,528	\$ 772,802
Total OPEB liability - ending	² \$ 1,041,811	\$ 824,528
 Covered payroll	 \$ 8,337,600	 \$ 8,282,780
Fund's net position as a percentage of covered payroll	12.50%	9.95%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>2017</u>	
\$	54,440
	30,878
	-
	-
	<u>(37,219)</u>
	48,099
\$	<u>724,703</u>
\$	<u>772,802</u>
\$	7,280,738
	10.61%

(This page intentionally left blank.)

OTHER SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

**City of Mount Pleasant, Texas
Combining and Individual Fund Statements
And Schedules**

City of Mount Pleasant, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2020

	Debt Service	Hotel/Motel Civic Center Occupancy	Cemetery	Police Seizure	Rural Development
<u>Assets</u>					
Cash and cash equivalents	\$ -	\$ 54,652	\$ 13,529	\$ 34,279	\$ 234,466
Receivables (net)	7,190	29,242	-	-	-
Restricted cash	41,924	-	-	132,635	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 49,114	\$ 83,894	\$ 13,529	\$ 166,914	\$ 234,466
<u>Liabilities</u>					
Accounts payable	\$ -	\$ 61,099	\$ 4,902	\$ 132,635	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	-	61,099	4,902	132,635	-
<u>Deferred Inflows of Resources</u>					
Unavailable revenue - property taxes	7,190	-	-	-	-
Total Deferred Inflows of Resources	7,190	-	-	-	-
<u>Fund Balances</u>					
Restricted for:					
Community Improvements	-	-	-	-	-
Public education channels	-	-	-	-	-
Hotel/motel/civic center	-	22,795	-	-	-
Development	-	-	-	-	234,466
Cemetery	-	-	8,627	-	-
Debt Service	41,924	-	-	-	-
Public safety	-	-	-	34,279	-
Assigned to:					
Public safety	-	-	-	-	-
Community improvements	-	-	-	-	-
Library	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	41,924	22,795	8,627	34,279	234,466
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 49,114	\$ 83,894	\$ 13,529	\$ 166,914	\$ 234,466

<u>Police</u>	<u>Library</u>	<u>PEG Funds</u>	<u>Community Improvements</u>	<u>Capital Replacement</u>	<u>Firemen's</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ 13,609	\$ 307,731	\$ 341,572	\$ -	\$ -	\$ 999,838
31,796	-	6,729	-	-	-	74,957
-	-	-	-	-	-	174,559
-	-	-	-	-	-	-
<u>\$ 31,796</u>	<u>\$ 13,609</u>	<u>\$ 314,460</u>	<u>\$ 341,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,249,354</u>
\$ 2,363	\$ 56	\$ -	\$ -	\$ 10,845	\$ -	\$ 211,900
29,317	-	-	-	261,907	-	291,224
<u>31,680</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>272,752</u>	<u>-</u>	<u>503,124</u>
-	-	-	-	-	-	7,190
-	-	-	-	-	-	<u>7,190</u>
-	-	314,460	-	-	-	314,460
-	-	-	-	-	-	-
-	-	-	-	-	-	22,795
-	-	-	-	-	-	234,466
-	-	-	-	-	-	8,627
-	-	-	-	-	-	41,924
-	-	-	-	-	-	34,279
116	-	-	-	-	-	116
-	-	-	341,572	-	-	341,572
-	13,553	-	-	-	-	13,553
-	-	-	-	(272,752)	-	(272,752)
<u>116</u>	<u>13,553</u>	<u>314,460</u>	<u>341,572</u>	<u>(272,752)</u>	<u>-</u>	<u>739,040</u>
<u>\$ 31,796</u>	<u>\$ 13,609</u>	<u>\$ 314,460</u>	<u>\$ 341,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,249,354</u>

City of Mount Pleasant, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	<u>Debt Service</u>	<u>Hotel/Motel Civic Center Occupancy</u>	<u>Cemetery</u>	<u>Police Seizure</u>	<u>Rural Development</u>
Revenues					
Taxes:					
Property	\$ 769,099	\$ -	\$ 32,169	\$ -	\$ -
Hotel	-	475,238	-	-	-
Utility franchise fees	-	-	-	-	-
Donations	-	0	-	-	-
Investment income	10,238	2,146	-	492	1,909
Intergovernmental revenue	-	-	-	-	-
Other revenue	58,340	37,982	160	61,480	1,450
Total Revenues	<u>837,677</u>	<u>515,366</u>	<u>32,329</u>	<u>61,972</u>	<u>3,359</u>
Expenditures					
General government	-	553,502	64,551	-	-
Public Safety	-	-	-	63,604	-
Culture and Recreation	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt service:					
Principal	385,000	-	-	-	-
Interest and fiscal charges	457,434	-	-	-	-
Bond issuance costs	106,502	-	-	-	-
Total Expenditures	<u>948,936</u>	<u>553,502</u>	<u>64,551</u>	<u>63,604</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(111,259)</u>	<u>(38,136)</u>	<u>(32,222)</u>	<u>(1,632)</u>	<u>3,359</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers (out)	-	(45,075)	-	-	-
Sale of capital assets	-	-	23,600	4,760	-
Capital lease	-	-	-	-	-
Refunding bonds issued	2,900,000	-	-	-	-
Premium on bonds issued	422,054	-	-	-	-
Payment to escrow agent	(3,215,951)	-	-	-	-
Total Other Financing Sources (Uses)	<u>106,103</u>	<u>(45,075)</u>	<u>23,600</u>	<u>4,760</u>	<u>-</u>
Net Change in Fund Balances	<u>(5,156)</u>	<u>(83,211)</u>	<u>(8,622)</u>	<u>3,128</u>	<u>3,359</u>
Beginning fund balances	47,080	106,006	17,249	31,151	231,107
Ending Fund Balances	<u>\$ 41,924</u>	<u>\$ 22,795</u>	<u>\$ 8,627</u>	<u>\$ 34,279</u>	<u>\$ 234,466</u>

<u>Police</u>	<u>Library</u>	<u>PEG Funds</u>	<u>Community Improvements</u>	<u>Capital Replacement</u>	<u>Firemen's</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 801,268
-	-	-	-	-	-	475,238
-	-	26,588	-	-	-	26,588
-	6,703	-	-	-	-	6,703
9	-	1,355	-	-	-	16,149
62,497	-	-	-	305,000	-	367,497
475	-	-	-	-	-	159,887
<u>62,981</u>	<u>6,703</u>	<u>27,943</u>	<u>-</u>	<u>305,000</u>	<u>-</u>	<u>1,853,330</u>
-	-	15,854	-	-	-	633,907
100,792	-	-	-	-	500	164,896
-	3,958	-	-	-	-	3,958
-	-	-	-	883,133	-	883,133
-	-	-	-	-	-	385,000
-	-	-	-	-	-	457,434
-	-	-	-	-	-	106,502
<u>100,792</u>	<u>3,958</u>	<u>15,854</u>	<u>-</u>	<u>883,133</u>	<u>500</u>	<u>2,634,830</u>
<u>(37,811)</u>	<u>2,745</u>	<u>12,089</u>	<u>-</u>	<u>(578,133)</u>	<u>(500)</u>	<u>(781,500)</u>
-	-	-	-	-	500	500
(589)	-	-	-	-	-	(45,664)
-	-	-	-	-	-	28,360
-	-	-	-	305,381	-	305,381
-	-	-	-	-	-	2,900,000
-	-	-	-	-	-	422,054
-	-	-	-	-	-	(3,215,951)
<u>(589)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,381</u>	<u>500</u>	<u>394,680</u>
<u>(38,400)</u>	<u>2,745</u>	<u>12,089</u>	<u>-</u>	<u>(272,752)</u>	<u>-</u>	<u>(386,820)</u>
<u>38,516</u>	<u>10,808</u>	<u>302,371</u>	<u>341,572</u>	<u>-</u>	<u>-</u>	<u>1,125,860</u>
<u>\$ 116</u>	<u>\$ 13,553</u>	<u>\$ 314,460</u>	<u>\$ 341,572</u>	<u>\$ (272,752)</u>	<u>\$ -</u>	<u>\$ 739,040</u>

City of Mount Pleasant, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL STREET FUND

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Franchise tax	\$ 1,180,000	\$ 1,520,000	\$ 1,603,166	\$ 83,166
Investment income	45,000	45,000	18,921	(26,079)
Other revenues	5,000	5,000	2,230	(2,770)
Total Revenues	1,230,000	1,570,000	1,624,317	54,317
<u>Expenditures</u>				
Current:				
Public works	1,221,042	1,561,042	1,084,856	476,186
Debt service:				
Principal	345,000	345,000	345,000	-
Interest and fiscal charges	110,513	110,513	110,513	-
Capital outlay	500,450	500,450	67,736	432,714
Total Expenditures	2,177,005	2,517,005	1,608,105	908,900
Revenues Over (Under) Expenditures	(947,005)	(947,005)	16,212	963,217
<u>Other Financing Sources (Uses)</u>				
Transfers in	860,000	860,000	843,425	(16,575)
Transfers (out)	(127,500)	(127,500)	(113,100)	14,400
Total Other Financing Sources (Uses)	732,500	732,500	730,325	(2,175)
Net Change in Fund Balance	\$ (214,505)	\$ (214,505)	746,537	\$ 961,042
Beginning fund balance			2,243,315	
Ending Fund Balance			\$ 2,989,852	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CONSTRUCTION BOND FUND
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Investment income	\$ 25,000	\$ 25,000	\$ 46,840	\$ 21,840
Intergovernmental revenue	1,000,000	1,000,000	888,672	(111,328)
Total Revenues	<u>1,025,000</u>	<u>1,025,000</u>	<u>935,512</u>	<u>(89,488)</u>
<u>Expenditures</u>				
Capital outlay	3,924,863	3,924,863	3,476,652	448,211
Total Expenditures	<u>3,924,863</u>	<u>3,924,863</u>	<u>3,476,652</u>	<u>448,211</u>
Revenues Over (Under) Expenditures	<u>(2,899,863)</u>	<u>(2,899,863)</u>	<u>(2,541,140)</u>	<u>358,723</u>
Net Change in Fund Balance	<u>\$ (2,899,863)</u>	<u>\$ (2,899,863)</u>	<u>(2,541,140)</u>	<u>\$ 358,723</u>
Beginning fund balance			3,196,716	
Ending Fund Balance			<u>\$ 655,576</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes:				
Property	\$ 771,037	\$ 771,037	\$ 769,099	\$ (1,938)
Investment income	400	400	10,238	
Other revenues	-	-	58,340	58,340
Total Revenues	771,437	771,437	837,677	56,402
<u>Expenditures</u>				
Debt service:				
Principal	355,000	355,000	385,000	(30,000)
Interest and fiscal charges	433,713	433,713	457,434	(23,721)
Bond issuance costs	1,500	1,500	106,502	(105,002)
Total Expenditures	790,213	790,213	948,936	(158,723) *
Revenues Over (Under) Expenditures	(18,776)	(18,776)	(111,259)	(102,321)
<u>Other Financing Sources (Uses)</u>				
Refunding bonds issued	-	-	2,900,000	2,900,000
Premium on bonds issued	-	-	422,054	422,054
Payment to escrow agent	-	-	(3,215,951)	(3,215,951)
Total Other Financing Sources (Uses)	-	-	106,103	106,103
Net Change in Fund Balance	\$ (18,776)	\$ (18,776)	(5,156)	\$ 3,782
Beginning fund balance			47,080	
Ending Fund Balance			\$ 41,924	

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL/MOTEL/CIVIC CENTER FUND For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes:				
Hotel	\$ 550,000	\$ 550,000	\$ 475,238	\$ (74,762)
Investment income	3,000	3,000	2,146	
Other revenues	87,000	87,000	37,982	(49,018)
Total Revenues	640,000	640,000	515,366	(123,780)
<u>Expenditures</u>				
Current:				
General government	640,000	640,000	553,502	86,498
Total Expenditures	640,000	640,000	553,502	86,498
Revenues Over (Under) Expenditures	-	-	(38,136)	(37,282)
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	(45,075)	(45,075)
Total Other Financing Sources (Uses)	-	-	(45,075)	(45,075) *
Net Change in Fund Balance	\$ -	\$ -	(83,211)	\$ (82,357)
Beginning fund balance			106,006	
Ending Fund Balance			\$ 22,795	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Taxes:				
Property	\$ 32,995	\$ 32,995	\$ 32,169	\$ (826)
Other revenues	200	200	160	(40)
Total Revenues	<u>33,195</u>	<u>33,195</u>	<u>32,329</u>	<u>(866)</u>
<u>Expenditures</u>				
Current:				
General government	43,195	61,195	64,551	(3,356)
Total Expenditures	<u>43,195</u>	<u>61,195</u>	<u>64,551</u>	<u>(3,356) *</u>
Revenues Over (Under) Expenditures	<u>(10,000)</u>	<u>(28,000)</u>	<u>(32,222)</u>	<u>(4,222)</u>
<u>Other Financing Sources (Uses)</u>				
Sale of capital assets	10,000	10,000	23,600	13,600
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>23,600</u>	<u>13,600</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (18,000)</u>	<u>(8,622)</u>	<u>\$ 9,378</u>
Beginning fund balance			<u>17,249</u>	
Ending Fund Balance			<u><u>\$ 8,627</u></u>	

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
POLICE SEIZURES FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Investment income	\$ 1,600	\$ 1,600	\$ 492	\$ (1,108)
Other revenues	10,100	10,100	61,480	51,380
Total Revenues	<u>11,700</u>	<u>11,700</u>	<u>61,972</u>	<u>50,272</u>
<u>Expenditures</u>				
Current:				
Public safety	26,700	26,700	63,604	(36,904)
Total Expenditures	<u>26,700</u>	<u>26,700</u>	<u>63,604</u>	<u>(36,904) *</u>
Revenues Over (Under) Expenditures	<u>(15,000)</u>	<u>(15,000)</u>	<u>(1,632)</u>	<u>13,368</u>
<u>Other Financing Sources (Uses)</u>				
Sale of capital assets	15,000	15,000	4,760	(10,240)
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>4,760</u>	<u>(10,240)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,128</u>	<u>\$ 3,128</u>
Beginning fund balance			<u>31,151</u>	
Ending Fund Balance			<u><u>\$ 34,279</u></u>	

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RURAL DEVELOPMENT FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Investment income	\$ 3,500	\$ 3,500	\$ 1,909	\$ (1,591)
Other revenues	-	-	1,450	1,450
Total Revenues	<u>3,500</u>	<u>3,500</u>	<u>3,359</u>	<u>(141)</u>
Net Change in Fund Balance	<u>\$ 3,500</u>	<u>\$ 3,500</u>	3,359	<u>\$ (141)</u>
Beginning fund balance			<u>231,107</u>	
Ending Fund Balance			<u>\$ 234,466</u>	

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Investment income	\$ 3,500	\$ 3,500	\$ 9	\$ (3,491)
Other revenues	-	-	475	475
Total Revenues	<u>3,500</u>	<u>3,500</u>	<u>62,981</u>	<u>59,481</u>
<u>Expenditures</u>				
Current:				
Public safety	-	-	100,792	(100,792)
Total Expenditures	<u>-</u>	<u>-</u>	<u>100,792</u>	<u>(100,792) *</u>
Revenues Over (Under) Expenditures	<u>3,500</u>	<u>3,500</u>	<u>(37,811)</u>	<u>(41,311)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	(589)	(589)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(589)</u>	<u>(589) *</u>
Net Change in Fund Balance	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>(38,400)</u>	<u>\$ (41,900)</u>
Beginning fund balance			<u>38,516</u>	
Ending Fund Balance			<u>\$ 116</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Donations	\$ 6,703	\$ 4,000	\$ 6,703	\$ 2,703
Total Revenues	6,703	4,000	6,703	2,703
<u>Expenditures</u>				
Current:				
Culture and recreation	2,000	2,000	3,958	(1,958)
Total Expenditures	2,000	2,000	3,958	(1,958) *
Revenues Over (Under) Expenditures	4,703	2,000	2,745	745
Net Change in Fund Balance	\$ 4,703	\$ 2,000	2,745	\$ 745
Beginning fund balance			10,808	
Ending Fund Balance			\$ 13,553	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PEG FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Franchise fees	\$ -	\$ -	\$ 26,588	\$ 26,588
Investment income	2,400	2,400	1,355	(1,045)
Total Revenues	<u>2,400</u>	<u>2,400</u>	<u>27,943</u>	<u>25,543</u>
<u>Expenditures</u>				
Current:				
General government	-	26,000	15,854	10,146
Total Expenditures	<u>-</u>	<u>26,000</u>	<u>15,854</u>	<u>10,146</u>
Revenues Over (Under) Expenditures	<u>2,400</u>	<u>(23,600)</u>	<u>12,089</u>	<u>35,689</u>
Net Change in Fund Balance	<u>\$ 2,400</u>	<u>\$ (23,600)</u>	<u>12,089</u>	<u>\$ 35,689</u>
Beginning fund balance			<u>302,371</u>	
Ending Fund Balance			<u>\$ 314,460</u>	

Notes to Required Supplementary Information

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL REPLACEMENT FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Intergovernmental	\$ -	\$ -	\$ 305,000	\$ 305,000
Total Revenues	<u>-</u>	<u>-</u>	<u>305,000</u>	<u>305,000</u>
<u>Expenditures</u>				
Capital outlay	273,999	273,999	883,133	(609,134)
Total Expenditures	<u>273,999</u>	<u>273,999</u>	<u>883,133</u>	<u>(609,134) *</u>
Revenues Over (Under) Expenditures	<u>(273,999)</u>	<u>(273,999)</u>	<u>(578,133)</u>	<u>(304,134)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	294,865	294,865	-	(294,865)
Capital lease	-	-	305,381	305,381
Total Other Financing Sources (Uses)	<u>294,865</u>	<u>294,865</u>	<u>305,381</u>	<u>10,516</u>
Net Change in Fund Balance	<u>\$ 20,866</u>	<u>\$ 20,866</u>	<u>(272,752)</u>	<u>\$ (293,618)</u>
Beginning fund balance			-	
Ending Fund Balance			<u>\$ (272,752)</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIREMEN'S FUND
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Expenditures</u>				
Current:				
Public safety	500	500	500	-
Total Expenditures	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	500	500	500	-
Total Other Financing Sources (Uses)	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balance			<u>-</u>	
Ending Fund Balance			<u>\$ -</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. * Expenditures exceeded appropriations at the legal level of control.

City of Mount Pleasant, Texas
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
 September 30, 2020

		Industrial Development District
<u>Assets</u>		
Cash and cash equivalents	\$	5,493,580
Receivables, net		314,579
Total Assets	\$	5,808,159
 <u>Liabilities</u>		
Accounts payable	\$	26,687
Accrued liabilities		3,151
Total Liabilities		29,838
 <u>Fund Balances</u>		
Restricted for:		
Economic development		5,778,321
Total Fund Balance		5,778,321
Total Liabilities, Deferred Inflows, and Fund Balance	\$	5,808,159

City of Mount Pleasant, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2020

Fund Balance	\$ 5,778,321
---------------------	--------------

Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	1,628,156
Capital assets - net depreciable	3,865,195

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Pension deferred outflows	17,003
OPEB outflows	2,761

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.

OPEB liability deferred inflows	(319)
Pension deferred inflows	(15,597)

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Net pension liability	(70,857)
OPEB liability	(17,363)
Compensated absences	(13,081)
Long-term debt due within one year	(268,023)
Long-term debt due in more than one year	(1,187,767)

Net Position of the Discretely Presented Component Unit	\$ 9,718,429
----------------------------------------------------------------	---------------------

City of Mount Pleasant, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2020

	Industrial Development District <hr/>
<u>Revenues</u>	
Sales tax	\$ 1,717,484
Investment income	30,413
Other revenue	910
Total Revenues	1,748,807
 <u>Expenditures</u>	
Current:	
Economic Development	854,013
Debt Service:	
Principal	257,415
Interest and fiscal charges	65,055
Total Expenditures	1,176,483
Total Revenues	
Over (Under) Expenditures	572,324
Net Change in Fund Balance	572,324
Beginning fund balance	5,205,997
Ending Fund Balance	\$ 5,778,321

City of Mount Pleasant, Texas
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE DISCRETELY PRESENTED
COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

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

Net changes in fund balance	\$	572,324
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense		(172,568)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Pension expense		42,059
OPEB expense		1,379
Compensated absences		(3,989)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments expensed		257,415
Change in Net Position of the Discretely Presented Component Unit	\$	<u>696,620</u>

(This page intentionally left blank.)

STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City of Mount Pleasant's overall financial health.

FINANCIAL TRENDS INFORMATION

These schedule contain trend information to help the reader understand how the City's Financial performance and well-being have changed over time

- 1 Net Assets by component
- 2 Changes in net assets
- 3 Fund balances, governmental funds
- 4 Changes in fund balance, governmental funds

REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax.

- 5 Assessed value and actual value of taxable property
- 6 Direct and overlapping property tax rates
- 7 Principal property tax payers
- 8 Property tax levies and collections

DEBT CAPACITY INFORMATION

These schedules 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.

- 9 Ratios of outstanding debt
- 10 Ratios of general bonded debt outstanding
- 11 Direct and overlapping governmental activities debt
- 12 Legal debt margin information
- 13 Pledged-revenue coverage

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand how the environment within which the City's financial activities take place.

- 14 Demographic and economic statistics
- 15 Principal employers

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the government provides and the activities it performs.

- 16 Full-time equivalent city government employees by function/program
- 17 Operating indicators by function/program
- 18 Capital asset statistics by function/program

City of Mount Pleasant, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

Table 1

	2011	2012	2013	2014
Governmental Activities				
Net investment in				
capital assets	\$ 21,209,153	\$ 19,273,630	\$ 21,729,842	\$ 18,381,690
Restricted	442,093	542,873	1,476,577	851,230
Unrestricted	(888,247)	2,782,615	2,695,201	3,603,191
Total Governmental Net Position	\$ 20,762,999	\$ 22,599,118	\$ 25,901,620	\$ 22,836,111
Business-type Activities				
Net investment in				
capital assets	\$ 37,380,753	\$ 38,654,526	\$ 39,616,390	\$ 42,881,147
Restricted	1,374,923	1,374,923	2,027,783	1,927,757
Unrestricted	2,156,626	3,523,051	3,578,411	1,492,729
Total Business-type Activities Net Position	\$ 40,912,302	\$ 43,552,500	\$ 45,222,584	\$ 46,301,633
Primary Government				
Net investment in				
capital assets	\$ 58,589,906	\$ 57,928,156	\$ 61,346,232	\$ 61,262,837
Restricted	1,817,016	1,917,796	3,504,360	2,778,987
Unrestricted	1,268,379	6,305,666	6,273,612	5,095,920
Total Primary Government Net Position	\$ 61,675,301	\$ 66,151,618	\$ 71,124,204	\$ 69,137,744

Source: Annual Financial Report

	2015	2016	2017	2018	2019	2020
\$ \$	18,343,148	\$ \$ 19,049,789	\$ 19,752,903	\$ 14,140,261	\$ 22,431,539	\$ 24,401,450
	1,553,240	1,501,525	2,770,138	7,765,128	1,163,916	879,970
	2,061,836	1,664,655	(2,138,823)	(559,188)	(1,227,968)	(1,458,742)
	<u>21,958,224</u>	<u>22,215,969</u>	<u>20,384,218</u>	<u>21,346,201</u>	<u>22,367,487</u>	<u>23,822,678</u>
\$	41,898,179	\$ 42,429,776	\$ 40,163,100	\$ 40,598,234	\$ 40,351,700	\$ 38,739,851
	2,125,320	1,655,002	1,839,739	170,596	-	-
	1,286,131	481,429	1,476,233	3,245,106	4,343,063	3,975,540
	<u>45,309,630</u>	<u>44,566,207</u>	<u>43,479,072</u>	<u>44,013,936</u>	<u>44,694,763</u>	<u>42,715,391</u>
\$	60,241,327	\$ 61,479,565	\$ 59,916,003	\$ 54,738,495	\$ 62,783,239	\$ 63,141,301
	3,678,560	3,156,527	4,609,877	7,935,724	1,163,916	879,970
	3,347,967	2,146,084	(662,590)	2,685,918	3,115,095	2,516,798
	<u>67,267,854</u>	<u>66,782,176</u>	<u>63,863,290</u>	<u>65,360,137</u>	<u>67,062,250</u>	<u>66,538,069</u>

City of Mount Pleasant, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 1,580,066	\$ 710,022	\$ 1,005,623	\$ 1,035,616
Public safety	5,542,704	5,454,951	5,949,251	5,918,178
Public Services	560,268	589,987	644,860	711,463
Parks and Recreation	589,451	636,896	635,751	699,388
Public works	1,712,499	2,027,932	1,986,283	5,366,980
Library	345,792	429,421	789,171	562,332
Interest and Agent Fees	140,926	191,196	193,767	278,887
Total governmental activities	<u>10,471,706</u>	<u>10,040,405</u>	<u>11,204,706</u>	<u>14,572,844</u>
Business-type activities:				
Water and Sewer	7,892,475	7,814,169	7,967,467	8,637,099
Airport Fund	1,254,857	1,417,079	1,448,971	1,426,482
Civic Center	352,766	335,127	390,400	501,263
Total business-type activities	<u>9,500,098</u>	<u>9,566,375</u>	<u>9,806,838</u>	<u>10,564,844</u>
Total primary government	<u>\$ 19,971,804</u>	<u>\$ 19,606,780</u>	<u>\$ 21,011,544</u>	<u>\$ 25,137,688</u>
Governmental activities:				
Charges for services				
General government	5,900	96,024	20,240	27,081
Public safety	822,194	742,336	640,974	851,275
Public Services	19,086	23,164	26,731	49,334
Public works	109,390	130,850	127,103	147,847
Parks and Recreation	57,973	56,012	54,941	50,167
Library	5,858	5,856	7,722	8,492
Operating grants/contributions	42,939	-	115,798	35,000
Capital grants/contributions	44,016	127,092	455,778	551,299
Total governmental activities	<u>1,107,356</u>	<u>1,181,334</u>	<u>1,449,287</u>	<u>1,720,495</u>
Business-type activities:				
Charges for services:				
Water and sewer	10,727,984	11,352,828	11,137,004	9,838,779
Airport	805,360	890,522	1,033,470	968,808
Civic center	77,367	69,904	97,670	102,401
Operating grants and contributions	3,451	6,799	2,497	15,432
Capital grants and contributions	1,521,436	259,637	670,989	1,264,583
Total business-type activities	<u>13,135,598</u>	<u>12,579,690</u>	<u>12,941,630</u>	<u>12,190,003</u>
Total primary government	<u>\$ 7,046,198</u>	<u>\$ 6,935,543</u>	<u>\$ 7,756,791</u>	<u>\$ 7,275,540</u>
Net (Expense)/Revenue				
Governmental activities	\$ (5,411,552)	\$ (6,077,591)	\$ (5,094,421)	\$ (5,364,255)
Business-type activities	1,271,313	1,216,418	1,147,806	257,503
Total primary government	<u>\$ (4,140,239)</u>	<u>\$ (4,861,173)</u>	<u>\$ (3,946,615)</u>	<u>\$ (5,106,752)</u>

	2015	2016	2017	2018	2019	2020
\$	1,710,938	\$ 2,008,181	\$ 2,327,564	\$ 3,013,630	\$ \$ 1,653,454	\$ 2,447,119
	5,883,502	6,540,258	7,159,767	8,408,833	9,598,062	9,349,911
	562,802	621,795	704,173	804,786	344,203	160,859
	648,588	690,461	701,994	847,436	1,505,577	1,610,785
	1,740,343	1,826,322	1,762,260	1,960,212	1,724,711	2,429,084
	564,061	611,154	668,071	-	-	-
	277,200	259,199	278,863	573,410	490,322	567,594
	<u>11,387,434</u>	<u>12,557,370</u>	<u>13,602,692</u>	<u>15,608,307</u>	<u>15,316,329</u>	<u>16,565,352</u>
	8,687,052	9,057,408	9,534,141	9,544,722	9,580,684	10,769,947
	1,392,013	1,275,439	1,284,235	1,410,670	1,416,507	1,294,688
	527,404	524,076	507,477	470,543	453,072	-
	<u>10,606,469</u>	<u>10,856,923</u>	<u>11,325,853</u>	<u>11,425,935</u>	<u>11,450,263</u>	<u>12,064,635</u>
\$	<u>21,993,903</u>	<u>\$ 23,414,293</u>	<u>\$ 24,928,545</u>	<u>\$ 27,034,242</u>	<u>\$ 26,766,592</u>	<u>\$ 28,629,987</u>
	25,770	25,078	26,992	-	1,226,820	1,287,558
	1,007,322	977,419	1,369,290	1,455,719	902,940	635,225
	37,142	36,498	42,754	63,644	-	-
	166,749	143,165	177,241	-	-	-
	54,339	57,559	47,675	162,361	-	-
	6,604	4,286	4,620	-	-	-
	173,136	-	-	1,142,032	157,192	265,806
	578,337	691,059	757,224	-	432,210	761,462
	<u>2,049,399</u>	<u>1,935,064</u>	<u>2,425,796</u>	<u>2,823,756</u>	<u>2,719,162</u>	<u>2,950,051</u>
	10,004,701	9,776,518	10,353,769	11,345,594	11,707,347	11,409,873
	898,846	897,508	840,575	805,365	839,524	755,627
	79,515	88,981	89,430	123,628	73,759	-
	22,336	27,612	7,506	26,972	-	-
	-	-	-	-	-	-
	<u>11,005,398</u>	<u>10,790,619</u>	<u>11,291,280</u>	<u>12,301,559</u>	<u>12,620,630</u>	<u>12,165,500</u>
\$	<u>13,054,797</u>	<u>\$ 12,725,683</u>	<u>\$ 13,717,076</u>	<u>\$ 15,125,315</u>	<u>\$ 15,339,792</u>	<u>\$ 15,115,551</u>
\$	(9,338,035)	\$ (10,622,306)	\$ (11,176,896)	\$ (12,784,551)	\$ (12,597,167)	\$ (13,615,301)
	398,929	(66,304)	(34,573)	875,624	1,170,367	100,865
\$	<u>(8,939,106)</u>	<u>\$ (10,688,610)</u>	<u>\$ (11,211,469)</u>	<u>\$ (11,908,927)</u>	<u>\$ (11,426,800)</u>	<u>\$ (13,514,436)</u>

City of Mount Pleasant, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2011	2012	2013	2014
General Revenues				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,510,012	\$ 2,534,546	\$ 2,521,965	\$ 2,825,580
Sales tax	3,241,174	3,439,300	3,506,284	3,751,025
Non-Property taxes	343,781	572,785	520,940	574,896
Franchise tax	1,265,651	1,231,092	1,229,627	1,269,554
Investment Income	18,453	10,738	22,489	8,892
Royalties	150,080	170,200	128,022	137,542
Other income	398,190	407,160	-	-
Gain (loss) on sale of assets	346,002	379,497	382,347	380,154
Special items	-	-	-	-
Transfers, net	592,655	488,437	843,608	839,197
Total governmental activities	<u>8,865,998</u>	<u>9,233,755</u>	<u>9,155,282</u>	<u>9,786,840</u>
Business-type activities:				
Investment Income	17,113	19,112	13,394	8,058
Miscellaneous	65,707	54,636	77,738	285,030
Intragovernmental Revenue	248,000	-	-	-
Transfers	(592,655)	(488,437)	(843,608)	(839,197)
Total business-type activities	<u>(261,835)</u>	<u>(414,689)</u>	<u>(752,476)</u>	<u>(546,109)</u>
Total primary government	<u>\$ 8,604,163</u>	<u>\$ 8,819,066</u>	<u>\$ 8,402,806</u>	<u>\$ 9,240,731</u>
Change in Net Position				
Governmental activities	\$ 3,454,446	\$ 3,156,164	\$ 4,060,861	\$ 4,422,585
Business-type activities	1,009,478	801,729	395,330	(288,606)
Total primary government	<u>\$ 4,463,924</u>	<u>\$ 3,957,893</u>	<u>\$ 4,456,191</u>	<u>\$ 4,133,979</u>

Source: Annual Financial Report

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	2,960,832	\$ 3,074,506	\$ 3,058,493	\$ 3,258,505	\$ 3,803,341	\$ 4,108,990
	3,926,335	4,302,977	4,386,891	4,564,492	4,764,917	5,654,458
	568,608	583,520	564,708	556,741	559,262	-
	1,255,336	1,179,533	1,164,889	1,226,097	1,183,180	1,776,649
	8,286	34,226	80,535	262,404	298,847	119,081
	157,458	572,289	114,768	545,064	982,394	701,295
	-	-	-	-	-	485,690
	388,322	376,883	536,862	547,225	395,626	-
	-	-	-	21,575	-	-
	650,975	756,116	848,173	969,895	1,259,691	2,224,329
	<u>9,916,152</u>	<u>10,880,050</u>	<u>10,755,319</u>	<u>11,951,998</u>	<u>13,247,258</u>	<u>15,070,492</u>
	6,514	22,617	41,094	64,522	103,711	46,255
	145,916	56,380	291,889	164,635	124,529	97,837
	-	-	-	-	-	-
	(650,975)	(756,116)	(848,173)	(969,895)	(1,258,766)	(2,224,329)
	<u>(498,545)</u>	<u>(677,119)</u>	<u>(515,190)</u>	<u>(740,738)</u>	<u>(1,030,526)</u>	<u>(2,080,237)</u>
\$	<u>9,417,607</u>	<u>\$ 10,202,931</u>	<u>\$ 10,240,129</u>	<u>\$ 11,211,260</u>	<u>\$ 12,216,732</u>	<u>\$ 12,990,255</u>
\$	578,117	\$ 257,744	\$ (421,577)	\$ (832,553)	\$ 650,091	\$ 1,455,191
	(99,616)	(743,423)	(549,763)	134,886	139,841	(1,979,372)
\$	<u>478,501</u>	<u>\$ (485,679)</u>	<u>\$ (971,340)</u>	<u>\$ (697,667)</u>	<u>\$ 789,932</u>	<u>\$ (524,181)</u>

City of Mount Pleasant, Texas
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

Table 3

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund:				
Nonspendable	\$ 26,853	\$ 20,233	\$ 15,241	\$ 7,202
Committed	-	-	-	-
Restricted	150,827	139,736	973,559	284,273
Assigned	-	-	-	-
Unassigned	2,087,125	2,323,844	1,427,882	2,164,685
Total general fund	<u>\$ 2,493,201</u>	<u>\$ 2,398,274</u>	<u>\$ 2,569,833</u>	<u>\$ 2,564,978</u>
All other governmental funds:				
Restricted	\$ 2,629,211	\$ 403,137	\$ 7,670,296	\$ 2,688,170
Assigned	3,534,850	3,781,928	3,285,854	3,655,976
Unassigned	226,845	(53,431)	(106,717)	(134,924)
Total all other governmental funds	<u>\$ 5,584,361</u>	<u>\$ 5,660,374</u>	<u>\$ 6,798,415</u>	<u>\$ 20,112,784</u>

Source: Annual Financial Report

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 23,253	\$ 6,161	\$ 9,117	\$ 15,215	\$ 17,653	\$ 2,900
16,551	19,252	23,816	23,231	-	-
946,711	935,860	989,632	185,934	471,762	216,229
-	-	-	-	16,742	16,742
1,928,156	2,048,570	1,763,186	2,399,531	2,509,536	2,700,578
<u>\$ 2,914,671</u>	<u>\$ 3,009,843</u>	<u>\$ 2,785,751</u>	<u>\$ 2,623,911</u>	<u>\$ 3,015,693</u>	<u>\$ 2,936,449</u>
\$ 517,123	\$ 474,621	\$ 503,175	\$ 7,579,194	\$ 3,931,680	\$ 1,312,127
5,658,959	5,120,689	3,458,766	3,079,878	2,634,211	3,345,093
(130,886)	(118,641)	(131,511)	30,244	-	(272,752)
<u>\$ 6,045,196</u>	<u>\$ 5,476,669</u>	<u>\$ 3,830,430</u>	<u>\$ 10,689,316</u>	<u>\$ 6,565,891</u>	<u>\$ 4,384,468</u>

City of Mount Pleasant, Texas
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

Table 4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Property taxes	\$ 2,499,765	\$ 2,549,057	\$ 2,634,672	\$ 2,745,472
Non-Property taxes	343,781	572,785	520,940	574,896
Sales tax	3,241,174	3,439,300	3,506,284	3,751,025
Franchise taxes	1,265,651	1,231,092	1,249,867	1,296,635
Fines and Forfeitures	828,052	748,191	648,697	752,660
Licenses and Permits	39,300	58,924	55,023	74,102
Charge for Services	147,149	151,102	153,752	173,247
Intergovernmental revenues-local & state	78,575	114,148	374,681	476,189
Grants	-	-	68,160	35,222
Donations	8,380	12,944	12,937	39,888
Contractual Income	398,190	407,160	-	-
Royalties	346,002	379,497	382,347	380,154
Investment Income	18,453	10,738	22,489	8,892
Miscellaneous	171,448	218,758	128,020	182,215
Total Revenues	<u>9,385,920</u>	<u>9,893,696</u>	<u>9,757,869</u>	<u>10,490,597</u>
Expenditures				
General government	889,954	819,678	935,336	951,490
Public safety	5,236,970	5,121,102	5,430,193	5,682,460
Public Works	1,095,753	1,291,359	1,201,706	4,803,732
Public Services and Operations	560,268	589,987	632,170	686,206
Parks and Recreation	581,013	570,019	562,024	596,964
Library	285,258	289,086	301,417	313,559
Capital Outlay	3,571,300	3,734,979	1,750,310	2,243,319
Debt service				
Principal	115,000	80,000	240,000	410,000
Interest	106,341	191,196	257,064	312,713
Bond issuance costs	-	-	-	-
Total Expenditures	<u>12,441,857</u>	<u>12,687,406</u>	<u>11,310,220</u>	<u>16,000,443</u>
Revenues over (under) expenditures	(3,055,937)	(2,793,710)	(1,552,351)	(5,509,846)
Other Financing Sources (Uses)				
Transfers	592,656	488,437	843,608	839,197
Debt Proceeds	-	-	7,160,000	-
Payment to escrow agent	-	-	-	-
Debt Issuance Costs	-	-	-	-
Sale of Assets	5,900	265,009	195,211	69,917
Total other financing sources	<u>598,556</u>	<u>753,446</u>	<u>8,198,819</u>	<u>909,114</u>
Net Change in Fund Balances	<u>\$ (2,457,381)</u>	<u>\$ (2,040,264)</u>	<u>\$ 6,646,468</u>	<u>\$ (4,600,732)</u>
Ratio of total debt service expenditures to noncapital expenditures	2.50%	3.03%	5.20%	5.25%

Source: Annual Financial Report

	2015	2016	2017	2018	2019	2020
\$	2,960,832	\$ 3,098,745	\$ 3,092,727	\$ 3,092,727	\$ 3,791,902	\$ 4,108,990
	568,608	583,520	564,708	564,708	559,262	502,007
	3,926,335	4,302,977	4,386,891	4,386,891	4,764,917	5,152,451
	1,281,106	1,204,611	1,191,881	1,191,881	1,183,180	1,776,649
	890,505	959,116	1,332,587	1,332,587	902,940	635,225
	94,035	68,674	102,397	102,397	76,210	206,254
	164,194	168,547	165,273	165,273	1,150,610	1,081,304
	662,968	610,427	693,436	693,436	157,192	1,459,478
	47,730	41,381	46,289	46,289	-	-
	40,775	39,250	17,499	17,499	-	-
	-	-	-	-	-	-
	388,322	376,883	536,862	536,862	982,394	701,295
	8,286	34,227	80,535	80,535	298,847	119,081
	280,880	618,555	123,081	123,081	383,626	454,524
	<u>11,314,576</u>	<u>12,106,913</u>	<u>12,334,166</u>	<u>12,334,166</u>	<u>14,251,080</u>	<u>16,197,258</u>
	1,023,895	1,125,153	1,011,680	1,112,784	1,527,460	2,514,329
	5,818,590	6,621,607	7,365,738	7,947,088	8,978,987	8,865,060
	1,243,239	1,306,901	1,229,536	1,285,060	1,203,105	1,476,769
	574,836	684,779	740,021	785,824	299,245	131,517
	621,345	693,048	685,938	778,350	872,699	994,606
	328,002	320,013	389,364	412,658	393,873	421,307
	1,490,095	1,938,566	2,961,404	4,165,361	4,895,511	4,511,990
	434,121	467,363	481,739	501,739	552,178	741,166
	277,200	259,200	279,487	440,439	689,144	567,947
	-	-	-	-	-	106,502
	<u>11,811,323</u>	<u>13,416,630</u>	<u>15,144,907</u>	<u>17,429,303</u>	<u>19,412,202</u>	<u>20,331,193</u>
	(496,747)	(1,309,717)	(2,810,741)	(5,095,137)	(5,161,122)	(4,133,935)
	650,976	827,313	912,923	969,895	1,259,691	1,425,595
	-	-	-	8,440,000	-	3,322,054
	-	-	-	-	-	(3,215,951)
	28,127	-	-	764,930	-	36,189
	112,129	9,049	27,487	21,575	12,000	305,381
	<u>791,232</u>	<u>836,362</u>	<u>940,410</u>	<u>10,196,400</u>	<u>1,271,691</u>	<u>1,873,268</u>
\$	<u>294,485</u>	<u>\$(473,355)</u>	<u>\$(1,870,331)</u>	<u>\$ 5,101,263</u>	<u>\$(3,889,431)</u>	<u>\$(2,260,667)</u>

6.89%

6.33%

6.25%

7.10%

8.55%

8.95%

(This page intentionally left blank.)

City of Mount Pleasant, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Table 5

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2011	\$ 820,886,415	\$ 253,413,324	\$ 255,929,330	\$ 818,370,409	\$ 0.3165
2012	826,835,630	218,024,227	251,304,726	793,555,131	0.3165
2013	830,890,842	242,412,861	265,044,461	808,259,242	0.3433
2014	888,098,290	196,777,198	268,324,956	816,550,532	0.3437
2015	832,561,738	277,414,497	259,605,301	850,370,934	0.3437
2016	876,046,975	302,583,248	271,046,415	907,583,808	0.3437
2017	933,667,070	301,341,991	305,600,799	929,408,262	0.3437
2018	1,002,324,819	324,977,786	311,986,965	1,015,315,640	0.3712
2019	1,097,735,889	349,805,243	343,282,418	1,104,258,714	0.3712
2020	1,147,076,394	319,354,610	338,444,697	1,127,986,307	0.3678

Tax rates per \$100 of assessed valuation.

Source: Titus County Appraisal District as of March 1 adjustments.

City of Mount Pleasant, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

Table 6

	2011	2012	2013	2014
Direct Rates:				
City of Mount Pleasant - Operating	0.2909	0.2886	0.3143	0.3139
City of Mount Pleasant - Debt Service	0.0256	0.0279	0.0290	0.0298
Total Direct Rate	0.3165	0.3165	0.3433	0.3437
 Overlapping Rates:				
Mount Pleasant ISD	1.2250	1.2030	1.2030	1.2120
Titus County	0.3872	0.3999	0.4152	0.4182
Total Direct and Overlapping Rates	1.9287	1.9194	1.9615	1.9739

Tax rates per \$100 of assessed valuation.

Source: Titus County Appraisal District

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.3138	0.3411	0.3140	0.3140	0.3016	0.2980
0.0299	0.0026	0.0297	0.0297	0.0696	0.0698
<u>0.3437</u>	<u>0.3437</u>	<u>0.3437</u>	<u>0.3437</u>	<u>0.3712</u>	<u>0.3678</u>
1.2120	1.2120	1.2390	1.2180	1.3400	1.2917
0.4475	0.4584	0.4790	0.5085	0.4742	0.4679
<u>2.0032</u>	<u>2.0141</u>	<u>2.0617</u>	<u>2.0702</u>	<u>2.1854</u>	<u>2.1274</u>

(This page intentionally left blank.)

City of Mount Pleasant, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year

Table 7

Property Tax Payer	Type of Business	¹ 2020		
		Taxable Assessed Value	Rank	% of Taxable Assessed Value
Pilgrims	Food Packaging/Processing	\$ 74,796,350	1	6.77%
Priefert Manufacturing Co.	Industrial Manufacturing	41,682,050	2	3.77%
Newly Weds Foods Inc.	Food Packaging/Processing	23,168,588	3	2.10%
Trans Texas Tire LLC	Car Repairs	14,835,090	4	1.34%
Angell Realty VI	Food Packaging/Processing	14,076,272	5	1.27%
Priefert Manufacturing Co.	Manufacturing	13,522,855	6	1.22%
Pilgrims Buildings	Commercial Building	11,608,940	7	1.05%
Southwestern Electric Power Co.	Electric Utility Power Plant	10,936,800	8	0.99%
Diamond C Trailers	Industrial Manufacturing	10,537,147	9	0.95%
Wal-Mart Real Estate Business Trust	Retail Store	9,309,398	10	0.84%
Total		\$ 224,473,490		20.33%
Total Assessed Valuation		\$ 1,104,258,714		100.00%

Source: Titus County Appraisal District

¹ Nine years from current year was not available for presentation

City of Mount Pleasant, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years
Table 8

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Tax levy	\$ 2,511,602	\$ 2,558,141	\$ 2,803,218	\$ 2,922,725
Current tax collected	\$ 2,440,021	\$ 2,469,374	\$ 2,656,610	\$ 2,793,248
Percent of current tax collections	97.15%	96.53%	94.77%	95.57%
Delinquent tax collections	\$ 69,473	\$ 85,632	\$ 142,743	\$ 123,605
Total tax collections	\$ 2,509,494	\$ 2,555,006	\$ 2,799,353	\$ 2,916,853
Total collections as a percentage of levy	99.92%	99.88%	99.86%	99.80%

Source: Titus County Tax Office

2015	2016	2017	2018	2019	2020
\$ 3,029,813	\$ 3,029,813	\$ 3,119,366	\$ 3,194,376	\$ 3,768,852	\$ 4,085,106
\$ 2,942,251	\$ 3,013,755	\$ 3,065,713	\$ 3,142,308	\$ 3,700,636	\$ 4,004,974
97.11%	99.47%	98.28%	98.37%	98.19%	98.04%
\$ 80,271	\$ 6,218	\$ 37,830	\$ 33,493	\$ 30,223	\$ -
\$ 3,022,522	\$ 3,019,973	\$ 3,103,543	\$ 3,175,801	\$ 3,730,859	\$ 4,004,974
99.76%	99.68%	99.49%	99.42%	98.99%	98.04%

City of Mount Pleasant, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

Table 9

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:				
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -
Certificates of Obligation	4,385,000	4,305,000	11,303,617	10,887,111
Premiums	-	-	-	-
Capital Leases	-	-	-	-
Business-type activities:				
General Obligation Bonds	1,290,000	-	-	-
Certificates of Obligation	-	-	-	-
Premiums	-	-	-	-
Discounts	-	-	-	-
Capital Leases	-	-	-	-
Contract Revenue Bonds	22,017,139	30,685,490	29,528,277	28,346,064
Total primary government	<u>\$ 27,692,139</u>	<u>\$ 34,990,490</u>	<u>\$ 40,831,894</u>	<u>\$ 39,233,175</u>

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

Source: Annual Financial Report

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,870,000
10,448,100	9,986,344	9,509,488	17,365,000	16,825,000	12,955,000
-	-	-	-	701,569	1,039,917
-	-	-	-	11,166	305,381
-	-	3,020,859	2,410,000	1,735,000	1,465,000
-	-	-	-	-	3,985,000
-	-	-	-	-	149,980
-	-	-	-	(45,999)	(39,428)
-	-	-	-	11,165	-
27,144,548	25,913,032	21,625,000	20,975,000	20,305,000	19,180,000
<u>\$ 37,592,648</u>	<u>\$ 35,899,376</u>	<u>\$ 34,155,347</u>	<u>\$ 40,750,000</u>	<u>\$ 39,542,901</u>	<u>\$ 41,910,850</u>

City of Mount Pleasant, Texas
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Years
Table 10

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
NET TAXABLE ASSESSED VALUE (2)					
All property	\$ 793,555,131	\$ 808,259,242	\$ 816,550,532	\$ 850,370,934	\$ 881,528,357
NET BONDED DEBT (3)					
Gross bonded debt	27,682,536	33,615,567	38,013,420	37,136,898	34,664,243
Less debt service funds	-	-	-	-	-
Net Bonded Debt	<u>\$ 27,682,536</u>	<u>\$ 33,615,567</u>	<u>\$ 38,013,420</u>	<u>\$ 37,136,898</u>	<u>\$ 34,664,243</u>
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	3.49%	4.16%	4.66%	4.37%	3.93%
POPULATION (1)	15,974	16,034	16,006	15,929	16,018
TAXABLE ASSESSED VALUATION PER CAPITA	49,678	50,409	51,015	53,385	55,034
NET BONDED DEBT PER CAPITA	\$ 1,733	\$ 2,097	\$ 2,375	\$ 2,331	\$ 2,164

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

(1) Source: City Staff and Statistical Projections based on U.S. Census Bureau data.

(2) As Reported by the Appraisal District

(3) Include Self-supported debt

(4) Projected

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021 (4)</u>
\$ 881,528,357	\$ 907,583,808	\$ 929,408,262	\$ 1,015,315,640	\$ 1,104,264,714	\$ 1,127,986,307
13,460,000	12,495,000	19,775,000	18,560,000	21,275,000	20,315,000
-	-	-	-	-	-
<u>\$ 13,460,000</u>	<u>\$ 12,495,000</u>	<u>\$ 19,775,000</u>	<u>\$ 18,560,000</u>	<u>\$ 21,275,000</u>	<u>\$ 20,315,000</u>
1.53%	1.38%	2.13%	1.83%	1.93%	1.80%
16,419	16,566	16,714	16,863	17,014	17,167
53,690	54,786	55,607	60,210	64,903	65,707
\$ 820	\$ 754	\$ 1,183	\$ 1,101	\$ 1,250	\$ 1,183

City of Mount Pleasant, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2020

Table 11

<u>Governmental Unit</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Harts Bluff ISD	\$ 1,000,000	48.79%	\$ 487,900
Mount Pleasant Independent School District	90,745,000	62.66%	56,860,817
Northeast Texas CCD	25,188,638	25.99%	6,546,527
Titus County	105,565,000	47.64%	50,291,166
Titus County FWSD #1	-	0.00%	-
Titus County Hospital District	-	0.00%	-
Subtotal, overlapping debt			114,186,410
City direct debt	17,170,298	100.00%	17,170,298
Total direct and overlapping debt			<u><u>\$ 131,356,708</u></u>

Sources: Hilltop Securities and City Staff

City of Mount Pleasant, Texas

LEGAL DEBT MARGIN INFORMATION

Current Fiscal Year

Table 12

Net Assessed Value	\$ 1,127,986,307
Plus Exempt Property	<u>338,444,697</u>
Total Assessed Value	<u><u>1,466,431,004</u></u>
Debt Limit - (10%) of Total Assessed Value	146,643,100
Less amount of debt applicable to debt limits	\$ 41,565,000
Legal Debt Margin	<u><u>105,078,100</u></u>
The Debt Rate legal limit percentage	7%

As a home rule city, the City is not limited by law in the amount of debt it may issue.

Article IV of the City Charter states in part:

In keeping with the Constitution and laws of the state of Texas and not contrary there, the city shall have the power to borrow money on the credit of the city for any public purpose or for any permanent improvement now or hereafter prohibited by the constitution and laws of the State of Texas.

Texas Local Government code section 1507.152 -.154 states the governing body may pledge to the payment of bonds issued under this subchapter an ad valorem tax sufficient to pay when due the principal of and interest on the bonds. A municipality may not issue bonds under this subchapter in a principal amount that: Exceeds the amount of loss sustained or anticipated by the municipality and the cost of issuing the bonds; or would result in the outstanding aggregate principal amount of tax bond indebtedness of the municipality exceeding 10% of the Assessed valuation of taxable property in the municipality according to the most recent ad valorem tax roll of the municipality.

City of Mount Pleasant, Texas

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Table 13

Fiscal Year ended 9/30	(1) Total Revenue	(2) Less Operating Expense	Net Available Revenue	(3) Average debt service	Coverage
2011	\$ 11,742,128	\$ 7,942,319	\$ 3,799,809	\$ 1,745,700	2.18
2012	11,402,491	6,364,400	5,038,091	1,775,620	2.84
2013	12,402,521	7,856,676	4,545,845	1,389,497	3.27
2014	10,126,495	6,849,580	3,276,915	1,521,694	2.15
2015	10,148,404	7,129,738	3,018,666	1,542,945	1.96
2016	9,820,646	6,843,140	2,977,506	1,029,106	2.89
2017	10,621,511	7,223,990	3,397,521	1,581,972	2.15
2018	11,345,594	9,544,724	1,800,870	1,589,719	1.13
2019	11,707,347	9,319,449	2,387,898	1,620,011	1.47
2020	11,409,873	10,403,653	1,006,220	1,406,165	0.72

Source: Comprehensive annual financial report

- (1) Gross Revenue includes all water and sewer revenues.
- (2) Operating expense includes all water and sewer expense.
- (3) Average annual debt service is the average principal and interest payments due over the remaining term of all water and sewer bonds.

City of Mount Pleasant, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
Table 14

(1)

Fiscal Year ended 9/30	Estimated population	Median Income	Per Capita Personal Income	Median Household Income	Median Age
2011	15,974	\$ 57,021	\$ 15,411	\$ 38,221	29.9
2012	16,034	56,912	16,000	39,312	29.9
2013	16,006	58,904	16,000	42,939	29.9
2014	15,929	58,001	16,000	42,856	28.3
2015	16,018	60,987	15,762	44,178	29.2
2016	16,419	62,898	17,165	45,026	30.1
2017	16,566	63,761	15,762	46,980	29.2
2018	16,714	64,324	17,165	45,604	30.1
2019	16,863	68,703	18,366	43,819	32
2020	17,014	68,703	19,893	48,567	31.6

(1) Source: City Staff and Statistical Projections based on U.S. Census Bureau data.

Note: Unable to obtain some data for the City of Mount Pleasant

N/D No reliable data

City of Mount Pleasant, Texas

PRINCIPAL EMPLOYERS

Current Fiscal Year

Table 15

Employer	Type of Business	¹ 9/30/2020	
		Employees	Rank
Pilgrim's Pride	Poultry Processor	3,197	1
Mount Pleasant ISD	Public School	1,003	2
Priefert Manufacturing	Ranch Equipment	988	3
Titus Regional Medical Center	Medical Center	700	4
Big Tex Trailer Mfg., Inc.	Trailers	650	4
Wal-Mart Supercenter	Discount Retail Store	384	6
Diamond C Trailers	Trailer Manufacturer	400	7
Luminant Electrical Generation	Coal Mining	210	8
AEP Southwest	Electric Utility	170	9
City of Mount Pleasant	City Government	160	10
Total		<u>7,862</u>	

Source: City Staff

¹ Nine years from current year was not available for presentation

City of Mount Pleasant, Texas

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Table 16

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government and administration	9.0	10	8	8	10	9	9	10	11	11
Public safety	68	68	67	73	75	75	81	81	80	80
Public works	10	10	10	10	10	12	12	13	12	11
Community development	13	13	13	13	13	13	13	13	13	13
Culture and recreation	18	18	20	21	22	22.5	23.5	23.5	22.5	22.5
Water and sewer	26	26	27	27	27	32	32	32	34	34
EDC	-	-	-	-	-	1	1	1	1.5	2
Total	<u>144</u>	<u>145</u>	<u>145</u>	<u>152</u>	<u>157</u>	<u>165</u>	<u>171.50</u>	<u>173.50</u>	<u>174.00</u>	<u>173.50</u>

Sources: Various City departments.

Note: FTE are based on 2080 hours

City of Mount Pleasant, Texas
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
Table 17

Function/Program	2011	2012	2013	2014
Public Safety:				
Municipal Court				
Number of cases filed	7,594	6,096	5,310	7,318
Police:				
Citation issued	4,385	3,984	3,568	3,610
Fire:				
Number of calls answered	1,311	1,360	1,351	1,380
Number of inspections	472	474	242	330
Animal Control				
Number of calls answered	2,115	1,807	938	1,015
Public Works:				
Number of streets maintained	272	272	272	293
Code Compliance:				
Number of Inspections	N/D	N/D	N/D	N/D
Water:				
New connections	25	12	28	23
Average daily consumption (millions of gallons)	7.1	7.9	7.2	7.3
Wastewater:				
Average daily sewage treatment (millions of gallons)	1.6	1.4	1.6	1.8

Sources: Various City departments.

N/D : No reliable data

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
7,517	5,807	7,668	8,325	4,871	4,447
3,493	6,073	9,899	10,846	5,795	3,131
1,166	1,064	1,092	898	829	818
488	401	388	358	62	54
781	774	834	815	814	989
293	250	282	282	272	-
N/D	5,914	7,747	8,709	6,500	7,392
25	120	17	27	26	30
7.8	6	6.45	6.32	6.64	7.71
1.7	2.1	2.1	2.1	2.43	2.81

City of Mount Pleasant, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Years
Table 18

Function/Program	2011	2012	2013	2014
Public safety:				
Police Stations	1	1	1	1
Patrol units	12	12	12	12
Fire Stations	2	2	2	2
Public works:				
Streets (miles)	85	85	105.3	105.9
Parks and Recreation:				
Parks (acreage)	187.90	187.90	188.08	188.08
Number of playgrounds	6	6	6	6
Number of baseball/softball fields maintained	20	20	20	20
Water:				
Water mains (miles)	200	200	205	205
Number of fire hydrants	900	900	900	900
Storage capacity (millions of gallons)	6.2	6.2	7.2	7.2
Sewer:				
Sanitary sewers (miles)	185	185	185	185
Airport:				
Runaways maintained (feet)	6,000	6,000	6,000	6,000

Sources: Various City departments.

(1) Does not include HOA playgrounds.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1	1	1	1	1	1
12	12	12	12	12	12
2	2	2	2	2	2
110.4	110.4	110.4	110.4	110.4	110.4
188.08	188.08	188.08	188.08	188.08	188.08
6	6	6	6	6	6
20	20	20	20	20	20
205	205	205	205	205	205
900	900	900	900	900	900
7.6	7.6	7.6	7.6	7.6	7.6
185	190	190	190	190	190
6,000	6,000	6,000	6,000	6,000	6,000

(This page intentionally left blank)

***OVERALL COMPLIANCE AND
INTERNAL CONTROL SECTION***

(This page intentionally left blank)



BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Mount Pleasant, Texas:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Mount Pleasant, Texas basic financial statements, and have issued our report thereon dated .

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. However, as described in the accompanying **Schedule 1**, we identified deficiencies in internal control over financial reporting that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying **Schedule 1** as item **2020-001** be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule 1 as items **2020-002, 2020-003, 2020-004, 2020-005** to be significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
March 9, 2021

City of Mount Pleasant, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

Material Weaknesses:

Finding 2019-001:

Criteria: Trial balance inconsistencies with U.S. GAAP.

Condition/Cause: For the year ended September 30, 2019, the City's closing process was insufficient to assure the financial results were recorded consistently with U.S. GAAP. Auditor proposed journal entries were necessary to correct accounts to be consistent with U.S. GAAP due to the closing process not properly identifying and correcting errors.

Recommendation: We recommend that management review the existing policies, procedures, and controls over these areas to ensure that all information is recorded and reported properly.

Status: The City hired a new finance director to implement internal controls to improve the accounting for the City. Based on the September 30, 2020 audit, it appears this issue is being addressed, but is not fully corrected.

Finding 2019-002:

Criteria: Inconsistent records for tracking capital assets

Condition/Cause: During the 2019 audit, we identified significant discrepancies between the capital assets module used to track capital assets activity and the general ledger for the current year and prior years.

Recommendation: The City should keep up with the capital assets module and reconcile it with the general ledger. Any reconciling issues need to be resolved prior to the audit, and done with every yearend close.

Status: The City hired a new finance director to implement internal controls to implement controls over this and other areas. Based on the subsequent audit it appears this finding has been fully corrected by management.

City of Mount Pleasant, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

Finding 2019-003:

Criteria: Landfill operating agreement did not cover informal arrangements agreed upon

Condition/Cause: During the 2019 audit, we noted that the City is the owner of a landfill that is being leased to a landfill operator. As a part of this arrangement, the operator agreed to pay for future closure and post-closure costs over a portion of the landfill, but not that portion referred to as the “old landfill”. The City did not have any liability recorded for closure and post-closure costs associated with the old landfill, which is a requirement of U.S. GAAP. The City reached out to the operator who agreed to assume all liabilities of the landfill property since inception, including the “old landfill” portion. They provided a letter to this extent, which indicated their intention to amend their agreement with the City to include the entire landfill property.

Recommendation: We recommend the City sign an amendment with the landfill operator to formalize the arrangement described as soon as practical.

Status: The City and operator signed an amendment formalizing the operator’s intention to cover the closure and post-closure costs of the old landfill. This issue has been fully corrected by management.

Significant Deficiencies:

Finding 2019-004:

Criteria: Legal level of budgetary control for City Council undefined

Condition/Cause: During the 2019 audit, we noted that the City has not defined the legal level of budgetary control for City Council. This is necessary so management knows the level of expenditures that require council approved budget revisions, and for financial reporting purposes.

Also, the City is required to present a budget to actual report according to the legal level of control.

Recommendation: We recommend the City adopt a legal level of control for future use to management and for financial reporting purposes (i.e. department, function, or by fund).

City of Mount Pleasant, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

Status: The City adopted a legal level of control, fund level, and now prepares budget to actual reports based on that legal level of control. This issue has been fully corrected by management.

Finding 2019-005:

Criteria: Checks printed with signatures

Condition/Cause: During our walkthrough of the disbursements process we noted that checks over \$2,000 are printed by the accounts payable accountant with the signatures of the authorized signors. This circumvents those signors and their specific authorization over endorsing checks. Additionally, this presents a significant concentration of duties risk with the A/P accountant as she is entering invoices, cutting checks, signing checks (functionally through printing), and reconciling bank accounts. All 3 areas of duties that should typically be segregated are concentrated with her, (recording, custody, and authorization).

Recommendation: We suggest the City discontinue the use of electronic signatures.

Status: The A/P accountant is no longer completing the bank reconciliation. The City still prints checks under \$5,000 with signatures. The City has added other controls over the disbursement process to enhance controls.

Finding 2019-006:

Criteria: Cash Management

Condition/Cause: The City utilizes a pooled cash account for all of its funds and the legally separate economic development corporation. This type of account allows the City to monitor one bank account across multiple funds and provides flexibility when moving cash from one fund to another, without the need for a physical bank transfer. As all funds are pulling from one bank account, it is possible for an individual fund to have a negative cash balance while the entire account itself is positive.

Although convenient, the individual fund cash balances should be monitored closely, and deficit positions should only be temporary. We noted several funds with negative pooled cash balances for extended periods during the year.

City of Mount Pleasant, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

Recommendation: We suggest the City discontinues sharing a bank account between the City and the Economic Development Corporation since these are legally separate entities. Also, we suggest the City implement a policy where all individual cash balances are reported to Council and monitored regularly. When a fund has a negative or low cash position, the need for a transfer of funds or spending reduction should be considered and the negative position should be corrected within a reasonable amount of time.

Status: The Economic Development Corporation now uses its own bank account that is not a part of pooled cash. The City still had negative cash balances for funds participating in the pooled cash account at September 30, 2020, but is now completing transfers on a monthly basis to resolve.

Finding 2019-007:

Criteria: Deficit in net position for Civic Center fund

Condition/Cause: The City had a deficit in unrestricted net position balance in the civic center fund as of the end of the prior year. The City should strive to maintain an operating reserve in each fund sufficient to fund a reasonable portion of annual expenditures.

Recommendation: We recommend the City adopt a minimum unrestricted net position balance policy or working capital policy, and structure this policy to provide sufficient reserves for its funds.

Status: During the current year the City chose to transfer the Civic Center fund to the governmental funds since the fund does not generate sufficient revenues to recover its cost. This effectively alleviated this issue, and is a fair presentation form since the fund is being subsidized by governmental revenues.

Finding 2019-008:

Criteria: Interfund transfer tracking

Condition/Cause: During our audit, we encountered difficulties determining the routes for all transfers between funds executed. This was primarily due to the number of funds involved with transfers and varying values of transfers.

Recommendation: In order to simplify this process, we suggest the City use unique accounts for transfers to indicate the funds being transferred to and from, rather than one generic

City of Mount Pleasant, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

account for all activity. This will help the reconciliation process as all transfers in and out will be easily identifiable and should balance to zero. Further, we suggest the City complete a schedule showing transfers in and out for all funds as a part of their annual closing process.

Status: The City used proper accounts and prepared a schedule for all transfers consistent with our recommendation.

City of Mount Pleasant, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

I. SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued:

The auditor's report on the basic financial statements of the City expresses an unmodified opinion.

Internal control over financial reporting:

Are any material weaknesses identified?	<u> X </u> Yes	<u> </u> No
Are any significant deficiencies identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None Reported
Is any noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

II. FINANCIAL STATEMENT FINDINGS:

Material Weakness:

Finding 2020-001:

Criteria: Trial balance inconsistencies with U.S. GAAP.

Condition/Cause: For the year ended September 30, 2020, the City's closing process was insufficient to assure the financial results were recorded consistently with U.S. GAAP. Auditor proposed journal entries were necessary to correct accounts to be consistent with U.S. GAAP due to the closing process not properly identifying and correcting errors.

Recommendation: We recommend that management review the existing policies, procedures, and controls over these areas to ensure that all information is recorded and reported properly.

Response: The Auditor was asked to make adjustments provided by client for year end as the trial balance was provided to auditors earlier before all year end entries could be made. OPEB entries were made by Auditors as the OPEB internal audit was not completed before the auditors arrived.

Significant Deficiencies:

City of Mount Pleasant, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

Finding 2020-002:

Criteria: Checks printed with signatures

Condition/Cause: During our walkthrough of the disbursements process we noted that checks under \$5,000 are printed by the accounts payable accountant with the signatures of the authorized signors. This circumvents those signors and their specific authorization over endorsing checks. Additionally, this presents a significant concentration of duties risk with the A/P accountant as she is entering invoices, cutting checks, and signing checks (functionally through printing). All 3 areas of duties that should typically be segregated are concentrated with her, (recording, custody, and authorization).

Recommendation: We suggest the City discontinue the use of electronic signatures. The person printing checks should not have access to the authorized signor's signature.

Response: Authorized Signers review the check register of all checks that are electronically signed and signs the register. Additional all checks are uploaded into positive pay that is also approved by one of the authorized signers. The city feels that this provides additional controls.

Finding 2020-003:

Criteria: Cash Management

Condition/Cause: The City utilizes a pooled cash account for all of its funds. This type of account allows the City to monitor one bank account across multiple funds and provides flexibility when moving cash from one fund to another, without the need for a physical bank transfer. As all funds are pulling from one bank account, it is possible for an individual fund to have a negative cash balance while the entire account itself is positive.

Although convenient, the individual fund cash balances should be monitored closely, and deficit positions should only be temporary. We noted several funds with negative pooled cash balances for extended periods during the year.

Recommendation: We suggest the City implement a policy where all individual cash balances are reported to Council and monitored regularly. When a fund has a negative or low cash position, the need for a transfer of funds or spending reduction should be considered and the negative position should be corrected within a reasonable amount of time.

City of Mount Pleasant, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

Response: The City has implemented policy and procedures to reconcile these accounts monthly. This was implemented toward the end of the year.

Finding 2020-004:

Criteria: Deficit in fund balance for Capital Replacement fund

Condition/Cause: The City had a deficit in fund balance for the capital replacement fund as of the end of the year. The City should strive to maintain a positive fund balance.

Recommendation: We recommend the City address the deficit and assure there are no future deficits.

Response: There was a specific issue that was addressed in October with the new budget.

Finding 2020-005:

Criteria: Incomplete documentation over permits issued

Condition/Cause: The City was missing some fee amounts within their City ordinance at the time of our testing. City irrigation fees were on in the ordinance, nor were remodel costs specifications. The City did not have all permit applications available for our selections which inhibited our ability to recalculate the permit charges for accuracy. Some permits did not indicate the number of fixtures, which inhibits the ability to recalculate the permit fee charged.

Recommendation: We recommend the City implement the following: 1. address adding additional permit fees information in an ordinance over these areas, 2. maintain permit applications for a reasonable period of time, 3. include input information for fees in permit documentation so fee can be recalculated.

Response: This was addressed with the New Building Official that was hired in August. These issued have been resolved as of October 2020.