



City of Mount Pleasant, Texas

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*Annual Comprehensive  
Financial Report*

For the Year Ended September 30, 2021



# City of Mount Pleasant, Texas

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September 30, 2021

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Prepared By:

Finance Department

Miykael Reeve, CGFO, CGFM  
Director of Finance







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

MARCH 14, 2022

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

Submitted herewith is the Annual Financial Report (ACFR) of the City of Mount Pleasant (the “City”) for the fiscal year ended September 30, 2021. 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 ACFR 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 ACFR 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 ACFR 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**

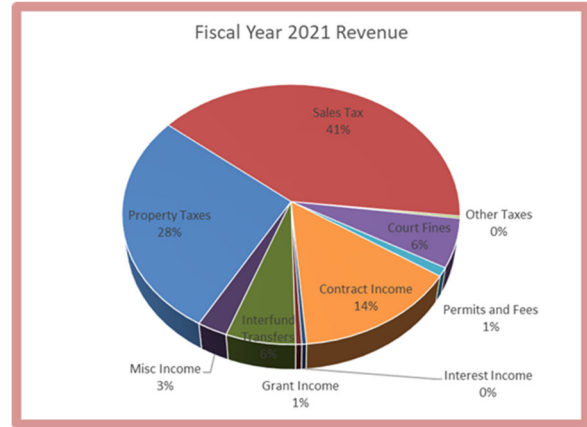
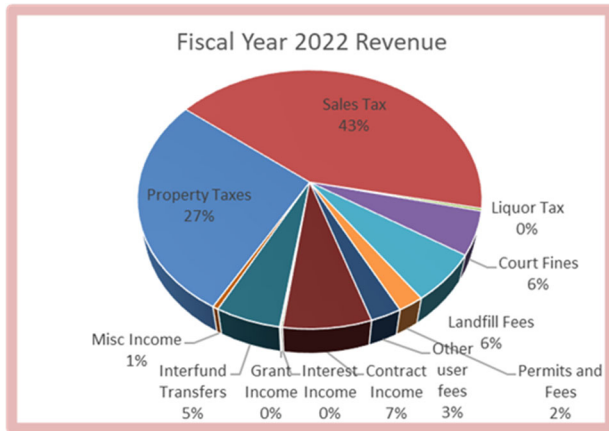
The City maintained a balance budget and lowered the tax rate and continued to improve the quality of life for the city. The financial report is designed to provide our citizens, taxpayer, customers with a general overview of the City's Finances to show accountability.

## **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.

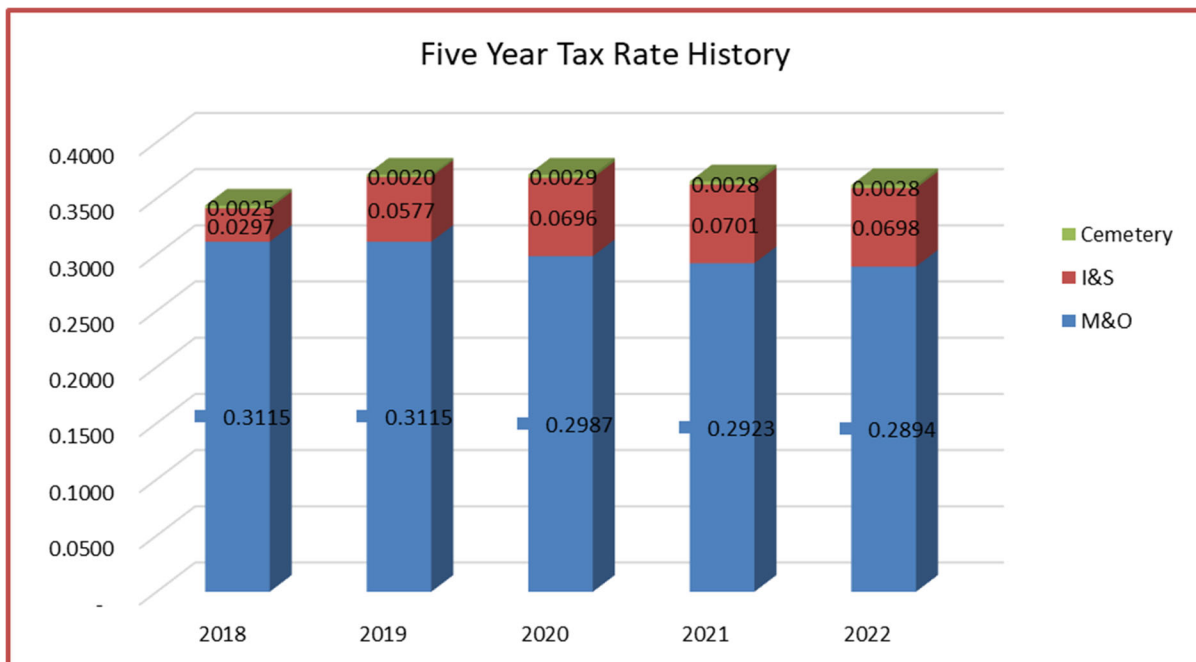
## General Fund Revenue

General fund revenues for Fiscal Year 2022 are estimated at \$13,663,955. This is a 4.6% decrease over the Fiscal Year 2021 amended budget of \$14,334,605. The largest source of revenue for the General Fund is Sales Tax at 43% of revenue followed by Ad Valorem taxes which generate 27% of total revenue. The tax rate of 0.3699 per \$100 of assessed value budgeted at collection rate of 98.5% generates \$3,611,705. The next highest source of income is contract income from the County fire contract and landfill contracts at 13% combined 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 2022 are estimated at \$1,1166,096,209, a 3.38% increase of FY 2021 of \$1,127,986,307. The City of Mount Pleasant decreased the tax rate this year from 0.3652 to .3620 at 1.2% decrease. This is the second consecutive year the City's tax rate has been lowered for a total decrease of 2.48%. The City of Mount Pleasant decreased the tax rate for the 2020 year from .3712 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 following graph represents a 5-year history of the City's total tax rate broken out by Maintenance and Operation and Debt Service.

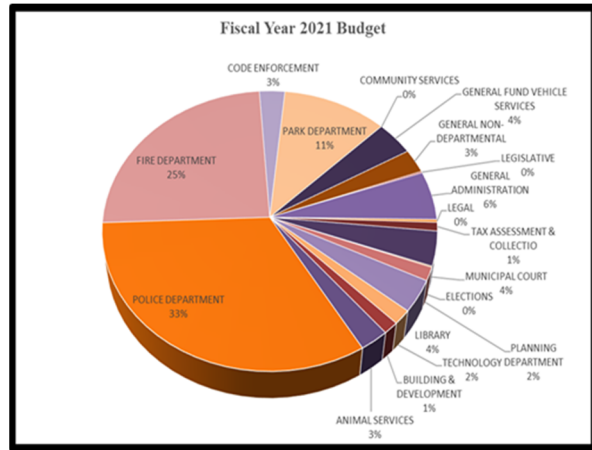
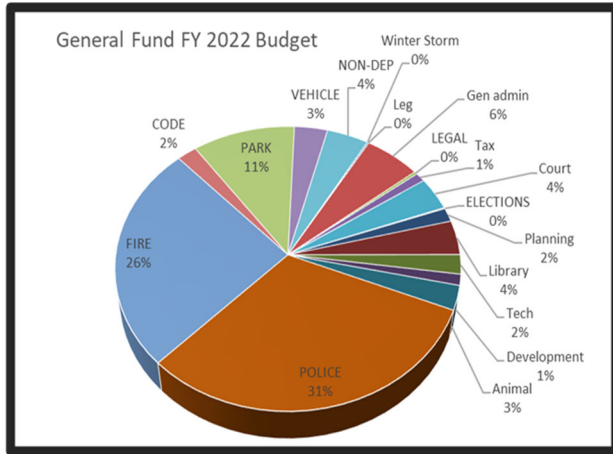


**SALES TAXES:**

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 2021 for the City and IDC are estimated at \$6,704,892. For FY 2021 a flat budget of \$6,540,000 was proposed for FY 2022 a Budget increase of 10% was proposed

**General Fund Expense**

General Fund expenses for Fiscal Year 2022 are estimated at \$13,663,955 a 9.8% increase over FY 2021 of \$12,323,450. The General fund departments consist of Police at 31%, Fire at 26%, Park at 11%, Public Administration at 6%, Municipal Court at 4%, and other misc. departments are under 3%.



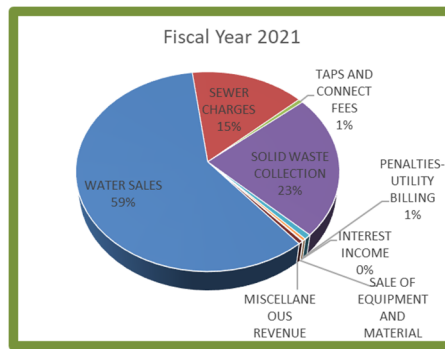
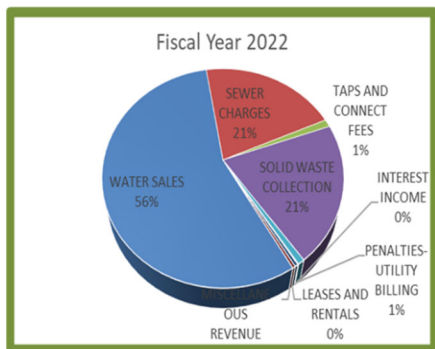
**ENTERPRISE FUND:**

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 2021-2022 are proposed to be funded by the Utility Fund in the Utility fund Capital project fund.

Utility Fund revenues for Fiscal Year 2022 are estimated at \$14,363,275. This is a 13.7% increase over the Fiscal Year 2021 amended budget of \$12,625,382. The Utility Fund revenues are made up of Water Sales at 56%, Sewer Sales at 21%, Solid waste at 21% and Misc fees 2%.

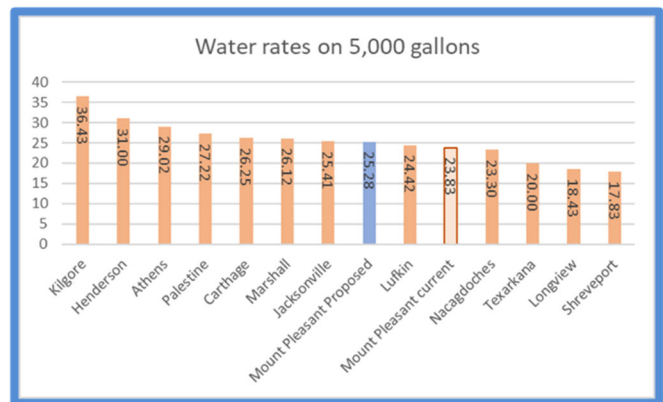
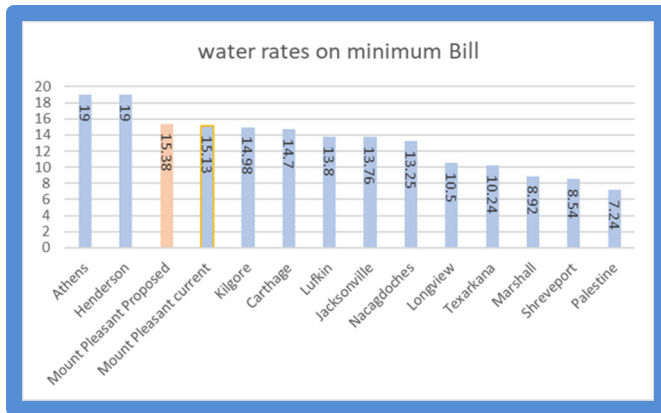


## Utility Fund Expense

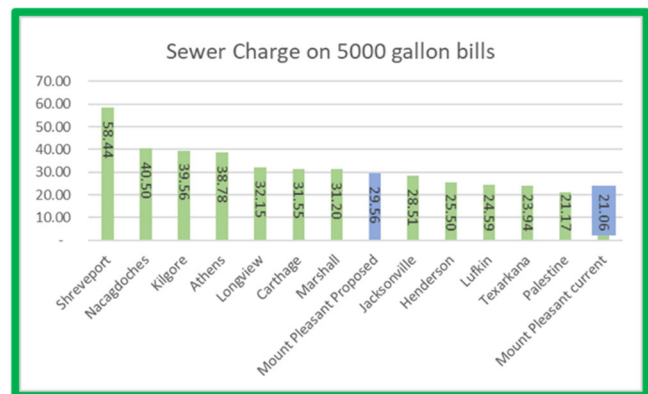
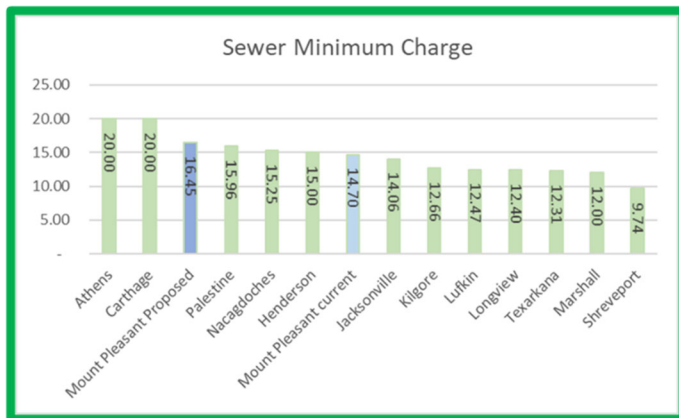
Utility Fund expenses for Fiscal Year 2022 are estimated at \$14,363,275, a 13.7% increase over FY 2021 at \$12,625,382. The Utility Fund expenses are made up of Debt Service at 23%, Solid Waste at 20%, Water Treatment at 15%, Fresh water supply at 10%, Utility Department at 9%, Utility Non department at 9%, Utility Admin at 8%, Waste water plant at 4%, Vehicle Service at 2%

### UTILITY FUND RATE INCREASE

The residential and commercial water sales minimum bill is proposed to increase .25 from \$15.13 to \$15.38. Rate on 5,000 gallons is proposed to increase \$1.45.



The residential and commercial sewer sales minimum bill is proposed to increase \$1.50 from \$14.70 to \$16.45. Rate on 5,000 gallons is proposed to increase \$8.50.



## AIRPORT FUND

Airport Fund Revenue and expenses for Fiscal Year 2022 are estimated at \$893,595, a 11.5% increase over FY 2021 at \$790,400. 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 2022 include Boots and Bells Christmas for \$250,000 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, 2021, the project was completed and FY 2022 budget is anticipated to close out the project

**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
- 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 used to account for the 2021 Bond for \$57,000,000 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:

- Construction of Basin sewer line
- Construction of Big tex lift station
- Construction 24in water line
- I-30 water storage
- School st Storage
- Water plan update
- HC sewer interceptor
- Sewer plant improvement design and construction -38-million-dollar project
- City lake dam – construction
- West loop WWCS -11-million-dollar project
- 12 in loop water line construction
- I-30 storage tank rehab

**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 2021 is 0.0698 and for FY 2022 is .0698 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 \$10,775,000. Debt payments due for FY 2022 are \$793,600.

**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 second year the City has submitted their annual financial report (“ACFR”) 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.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such ACFR must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. The City has received the Certificate of Achievement for September 30, 2020. We believe the current report conforms to the Certificate of Achievement program requirements and are submitting the 2021 ACFR 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

*Miykael Reeve*

Miykael Reeve, CGFO, CGFM  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mount Pleasant  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

Executive Director/CEO





## 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

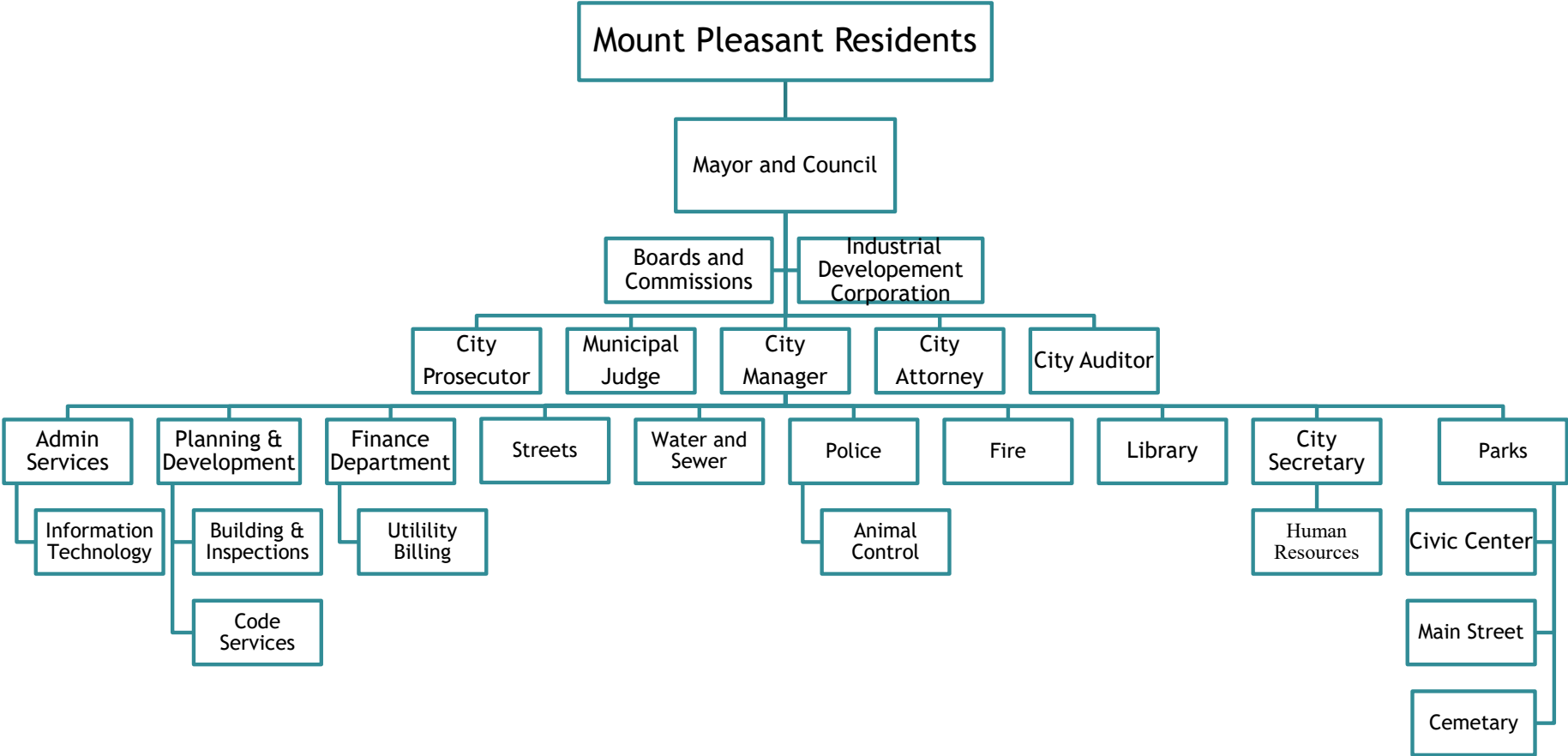
City Manager

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, 2021

City of Mount Pleasant  
Organization Chart by Departments



*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, 2021, 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, 2021, 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.

### *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 14, 2022, 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.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, slightly stylized font.

Brooks Watson & Co., PLLC  
Certified Public Accountants  
Houston, Texas  
March 14, 2022

*MANAGEMENT'S DISCUSSION  
AND ANALYSIS*

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# City of Mount Pleasant, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### September 30, 2021

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, 2021.

#### Financial Highlights

- The City's total combined net position was \$67,466,922 at September 30, 2021. Of this, \$8,739 (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 \$8,921,371, an increase of \$1,600,454.
- As of the end of the year, the unassigned fund balance of the general fund was \$1,901,191 or 14% of total general fund expenditures.
- The City had an overall increase in net position of \$928,853, which is primarily due to CARES Act grant money received in the current year.

#### 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, 2021**

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 seventeen 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 and street 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, firemen's fund, park improvements, and library grants fund. A budgetary comparison schedule has been provided to demonstrate compliance with each respective fund budget.

*Proprietary Funds.* The City maintains two 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, 2021

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 and deferred outflows exceeded liabilities and deferred inflows by \$67,466,922 as of September 30, 2021.

The largest portion of the City's net position, \$62,720,642, 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, 2021 and September 30, 2020 were \$10,484,157 and \$9,332,340, respectively. The increase of \$1,151,817 was primarily attributable to greater restricted cash on hand resulting from unspent grant funds at the end of the current year.

Current and other assets of Business-Type Activities as of September 30, 2021 and September 30, 2020 were \$65,440,793 and \$10,031,237, respectively. The increase of \$55,409,556 was primarily due to

**City of Mount Pleasant, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

unspent bond proceeds on hand at the end of the current year. There was a corresponding increase in long-term liabilities was due to the issuance of \$55,560,000 of certificates of obligation.

Long-term liabilities of Governmental Activities as of September 30, 2021 and September 30, 2020 were \$20,836,483 and \$21,823,802, respectively. The decrease of \$987,319 was due to principal payments exceeding new capital lease obligations in the current year.

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 10,484,157	\$ 65,440,793	\$ 75,924,950	\$ 9,332,340	\$ 10,031,237	\$ 19,363,577
Capital assets, net	39,670,710	59,965,245	99,635,955	39,497,554	59,480,006	98,977,560
<b>Total Assets</b>	<b>50,154,867</b>	<b>125,406,038</b>	<b>175,560,905</b>	<b>48,829,894</b>	<b>69,511,243</b>	<b>118,341,137</b>
<b>Deferred Outflows</b>	<b>1,330,085</b>	<b>309,115</b>	<b>1,639,200</b>	<b>1,235,009</b>	<b>289,881</b>	<b>1,524,890</b>
Other liabilities	3,035,356	3,920,847	6,956,203	3,504,783	2,201,815	5,706,598
Long-term liabilities	20,836,483	80,850,678	101,687,161	21,823,802	24,660,180	46,483,982
<b>Total Liabilities</b>	<b>23,871,839</b>	<b>84,771,525</b>	<b>108,643,364</b>	<b>25,328,585</b>	<b>26,861,995</b>	<b>52,190,580</b>
<b>Deferred Inflows</b>	<b>878,904</b>	<b>210,915</b>	<b>1,089,819</b>	<b>913,640</b>	<b>223,738</b>	<b>1,137,378</b>
Net Position:						
Net investment in capital assets	23,641,381	39,079,261	62,720,642	24,401,450	38,739,851	63,141,301
Restricted	4,737,541	-	4,737,541	879,970	-	879,970
Unrestricted	(1,644,713)	1,653,452	8,739	(1,458,742)	3,975,540	2,516,798
<b>Total Net Position</b>	<b>\$ 26,734,209</b>	<b>\$ 40,732,713</b>	<b>\$ 67,466,922</b>	<b>\$ 23,822,678</b>	<b>\$ 42,715,391</b>	<b>\$ 66,538,069</b>

**City of Mount Pleasant, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

**Statement of Activities:**

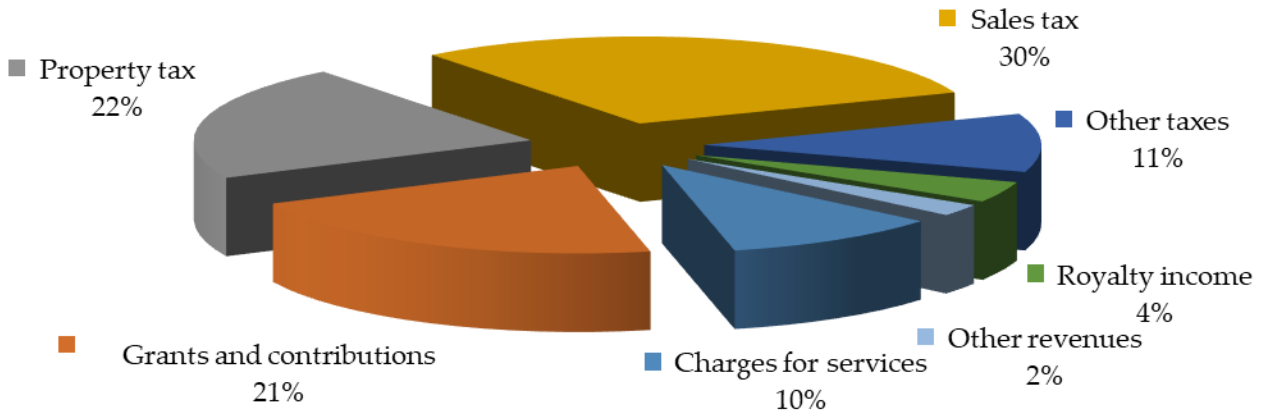
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
			Primary Government			Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,045,129	\$ 13,037,977	\$ 15,083,106	\$ 1,922,783	\$ 12,165,500	\$ 14,088,283
Grants and contributions	4,185,189	259,500	4,444,689	1,027,268	-	1,027,268
General revenues:						
Property tax	4,206,268	-	4,206,268	4,108,990	-	4,108,990
Sales tax	5,834,265	-	5,834,265	5,152,451	-	5,152,451
Other taxes	2,119,057	-	2,119,057	2,278,656	-	2,278,656
Royalty income	758,028	-	758,028	701,295	-	701,295
Investment income	24,211	28,894	53,105	119,081	46,255	165,336
Other revenues	410,709	384,323	795,032	485,690	97,837	583,527
<b>Total Revenues</b>	<b>19,582,856</b>	<b>13,710,694</b>	<b>33,293,550</b>	<b>15,796,214</b>	<b>12,309,592</b>	<b>28,105,806</b>
<b>Expenses</b>						
General government	3,401,920	-	3,401,920	2,447,119	-	2,447,119
Public safety	9,156,779	-	9,156,779	9,349,911	-	9,349,911
Public works	2,844,387	-	2,844,387	2,429,084	-	2,429,084
Parks and recreation	1,916,968	-	1,916,968	1,771,644	-	1,771,644
Water & sewer	-	12,433,782	12,433,782	-	10,539,489	10,539,489
Airport	-	1,347,529	1,347,529	-	1,294,688	1,294,688
Interest & fiscal charges	431,244	832,088	1,263,332	567,594	230,458	798,052
<b>Total Expenses</b>	<b>17,751,298</b>	<b>14,613,399</b>	<b>32,364,697</b>	<b>16,565,352</b>	<b>12,064,635</b>	<b>28,629,987</b>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	1,831,558	(902,705)	928,853	(769,138)	244,957	(524,181)
Transfers in (out)	1,079,973	(1,079,973)	-	2,224,329	(2,224,329)	-
<b>Total</b>	<b>1,079,973</b>	<b>(1,079,973)</b>	<b>-</b>	<b>2,224,329</b>	<b>(2,224,329)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>2,911,531</b>	<b>(1,982,678)</b>	<b>928,853</b>	<b>1,455,191</b>	<b>(1,979,372)</b>	<b>(524,181)</b>
Beginning Net Position	23,822,678	42,715,391	66,538,069	22,367,487	44,694,763	67,062,250
<b>Ending Net Position</b>	<b>\$ 26,734,209</b>	<b>\$ 40,732,713</b>	<b>\$ 67,466,922</b>	<b>\$ 23,822,678</b>	<b>\$ 42,715,391</b>	<b>\$ 66,538,069</b>

**City of Mount Pleasant, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

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

**Governmental Activities - Revenues**

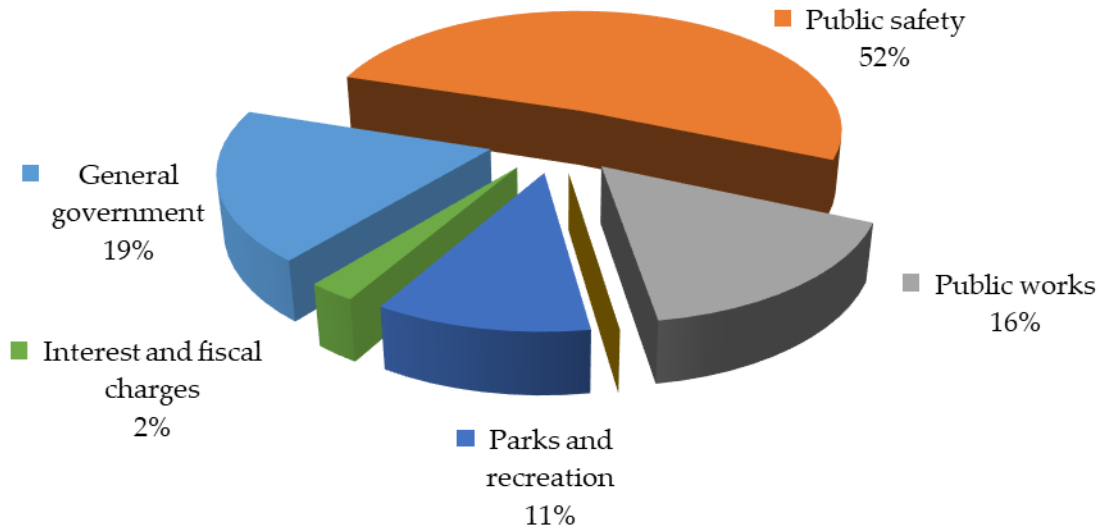


For the year ended September 30, 2021, revenues from governmental activities totaled \$19,582,856. Overall revenues increased by \$3,786,642 or 24%. Sales tax, property tax, and grants/contributions are the City's largest revenue sources. Grants/contributions increased by \$3,157,921 or 71% primarily due to nonrecurring CARES Act grant funds and contributions received in the current year. Sales taxes increased by \$681,814 or 13% due to increased economic growth and development. Other taxes decreased by \$159,599 or 7% due to a reduction of funds received through the PILOT incentive program in the current year. Investment income decreased by \$94,870 or 57% primarily due to the realization of lower interest rates. Other revenues decreased by \$74,981 or 13% as a direct result of nonrecurring miscellaneous revenue received in the prior year.

**City of Mount Pleasant, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
September 30, 2021

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**

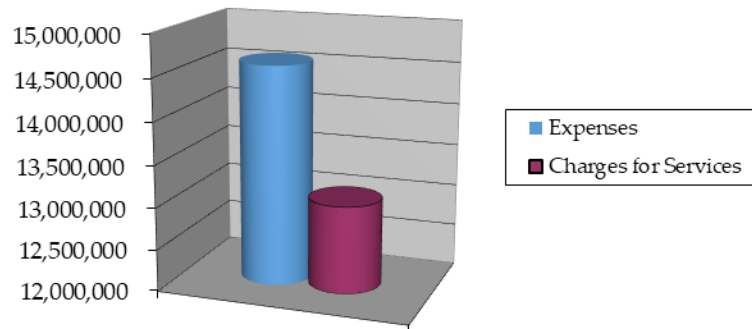


For the year ended September 30, 2021, expenses for governmental activities totaled \$17,751,298. This represents an increase of \$1,185,946 or 7% from the prior year. The City's largest functional expense is public safety of \$9,156,779. Public safety expenses decreased by \$193,132 or 2%, which is considered to be consistent with the prior year. General government expenses increased by \$954,801 or 39%, primarily due to data processing, maintenance, supplies, liability insurance, payroll, and city promotion expenses in the current year. Public works expenses increased by \$415,303 or 17%, primarily due to two new department hires and greater engineering expenses compared to the prior year. Parks and recreation expenses increased by \$145,324 or 8% primarily due to hiring 2 new park employees and one special event coordinator over the course of the year. Interest and fiscal charges decreased by \$136,350 or 24% primarily due to long-term debt obligations approaching maturity.

**City of Mount Pleasant, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2021**

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, 2021, charges for services by business-type activities totaled \$13,037,977. This is an increase of \$872,477, or 7%, from the previous year. The increase is primarily a result of greater water consumption and trash collections compared to the prior year.

Total expenses increased by \$2,548,764, or 21%, from the previous year. Airport expenses remained relatively consistent with the prior year. Interest and fiscal charges increased primarily due to nonrecurring bond issuance costs recognized in the current year relating to the issuance of certificates of obligation. The increase in water/sewer expenses was primarily a result of greater personnel costs, utility system maintenance, and contractual service fees 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 \$4,121,870. The general fund reflected an increase of \$1,185,421. This is primarily due to greater than anticipated intergovernmental revenues in the current year.

The street fund reflected a fund balance of \$1,717,079, a decrease of \$1,272,773. The decrease is due to lower than expected revenues received in the current year.



**City of Mount Pleasant, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
**September 30, 2021**

There was an overall increase in governmental fund balance of \$1,600,454. This is due to revenues and other financing sources exceeding current year expenditures.

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: \$1,152,690 to revenues, \$1,302,596 to expenditures, and a decrease of \$1,528,570 to other financing sources (uses). These changes primarily related to intergovernmental revenues exceeding estimates, and increases to public safety and parks and recreation for additional personnel and maintenance expenditures.

There was a positive budget variance of \$1,935,768 before other financing sources and uses, and a total positive variance of \$928,129 after other sources and uses. Total actual revenue exceeded budgeted revenue by \$2,233,418. Total actual expenditures were \$297,650 over budget.

**CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$39,670,710 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 \$59,965,245 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Continued construction costs for new sports complex of \$489,747.
- New city lake spillway/bridge improvements for \$336,631.
- Basin main sewer line upgrades for \$246,589.
- School St. storage tank improvements for \$455,781.
- Water line updates/replacements for \$481,353.
- Police HVAC improvements for \$227,872.
- Wastewater treatment plant improvements for \$233,129.

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

**LONG-TERM DEBT**

At the end of the current year, the City had total long-term debt principal outstanding of \$94,229,218. During the year, the City made \$2,145,253 in principal payments on outstanding debt. The City issued

**City of Mount Pleasant, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
September 30, 2021

\$55,560,000 certificates of obligation for future water and sewer capital improvements. More detailed information about the City's long-term liabilities is presented in note IV. D. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**THE BUDGET**

The City maintained a balanced budget and lowered the tax rate and continued to improve the quality of life for the city.

**CITY EMPLOYEES:**

Staffing levels for FY 2021 were at 173.5 will increase for the FY 2022 year. The city currently supports 180 employees.

**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. The employees did not receive a raise for FY 2021 due to Covid 19 Pandemic. For the FY 2022 budget year a 2% cola and step increase were budgeted for all uniformed employees and other staff.

**BENEFITS:**

Health insurance rates increased 10% for the 2022 fiscal year. The City absorbed the increase cost for all Employees. The health increase to employee remained zero. The City increase it contribution to the HSA plan for all employees from \$1,500 to \$2,400 for the year.

The City provides pension benefits for all of its eligible employees through TMRS. Contribution rates increased to the city from 14.83% to 14.93%. 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. The City is anticipating the expansion of two of the City major manufactures with the addition of 2 new retails coming soon. These economic development agreements are in the works and will be disclosed soon.

**City of Mount Pleasant, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
September 30, 2021

**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 of Mount Pleasant, Texas, Open Records, 501 N. Madison, Mount Pleasant, Texas 75455-3650.

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## ***FINANCIAL STATEMENTS***

**City of Mount Pleasant, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 5,335,799	\$ 2,883,231	\$ 8,219,030
Restricted cash	3,733,295	61,370,882	65,104,177
Receivables, net	1,415,063	1,186,680	2,601,743
<b>Total Current Assets</b>	<b>10,484,157</b>	<b>65,440,793</b>	<b>75,924,950</b>
Building held for sale	-	-	-
Capital assets:			
Non-depreciable	10,607,058	12,247,462	22,854,520
Net depreciable capital assets	29,063,652	47,717,783	76,781,435
<b>Total Noncurrent Assets</b>	<b>39,670,710</b>	<b>59,965,245</b>	<b>99,635,955</b>
<b>Total Assets</b>	<b>50,154,867</b>	<b>125,406,038</b>	<b>175,560,905</b>
<b>Deferred Outflows of Resources</b>			
Deferred OPEB outflows	216,323	56,669	272,992
Deferred pension outflows	1,051,964	252,446	1,304,410
Deferred loss on refunding	61,798	-	61,798
<b>Total Deferred Outflows of Resources</b>	<b>1,330,085</b>	<b>309,115</b>	<b>1,639,200</b>

**Component Unit**

**Industrial**

**Development**

**District**

\$	4,645,615
	-
	330,829
	<u>4,976,444</u>
	377,861
	1,628,156
	3,693,001
	<u>5,699,018</u>
	<u>10,675,462</u>
	3,383
	17,957
	-
	<u>21,340</u>

**City of Mount Pleasant, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2021**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	1,160,082	1,464,051	2,624,133
Accrued liabilities	333,690	-	333,690
Accrued interest payable	203,327	626,624	829,951
Customer deposits	-	220,405	220,405
Compensated absences, current	550,238	104,767	655,005
Long-term debt due within one year	788,019	1,505,000	2,293,019
<b>Total Current Liabilities</b>	<b>3,035,356</b>	<b>3,920,847</b>	<b>6,956,203</b>
Noncurrent liabilities:			
Compensated absences, noncurrent	61,137	11,641	72,778
Long-term debt due in more than one year	15,572,226	79,555,988	95,128,214
Net pension liability	3,921,056	940,957	4,862,013
OPEB liabilities	1,282,064	342,092	1,624,156
<b>Total Noncurrent Liabilities</b>	<b>20,836,483</b>	<b>80,850,678</b>	<b>101,687,161</b>
<b>Total Liabilities</b>	<b>23,871,839</b>	<b>84,771,525</b>	<b>108,643,364</b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred OPEB inflows	21,792	5,229	27,021
Deferred pension inflows	857,112	205,686	1,062,798
<b>Total Deferred Inflows of Resources</b>	<b>878,904</b>	<b>210,915</b>	<b>1,089,819</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	23,641,381	39,079,261	62,720,642
Restricted for:			
Debt service	10,146	-	10,146
Capital projects	277,933	-	277,933
Community improvements	1,666,124	-	1,666,124
Cemetary	230	-	230
Municipal court	223,932	-	223,932
CARES Act	1,970,831	-	1,970,831
Development	234,614	-	234,614
Tourism	287,291	-	287,291
Public safety	66,440	-	66,440
Unrestricted	(1,644,713)	1,653,452	8,739
<b>Total Net Position</b>	<b>\$ 26,734,209</b>	<b>\$ 40,732,713</b>	<b>\$ 67,466,922</b>

See Notes to Financial Statements.



**Component Unit**

**Industrial**

**Development**

**District**

5,420

7,358

-

-

5,449

-

18,227

605

-

66,937

19,159

86,701

104,928

371

14,632

15,003

5,321,157

-

-

5,255,714

-

-

-

-

-

-

-

\$ 10,576,871

# City of Mount Pleasant, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 3,401,920	\$ 1,366,827	\$ -	\$ -
Public safety	9,156,779	678,302	12,989	-
Public works	2,844,387	-	-	2,660,872
Parks and recreation	1,916,968	-	111,328	1,400,000
Interest and fiscal charges	431,244	-	-	-
<b>Total Governmental Activities</b>	17,751,298	2,045,129	124,317	4,060,872
<b>Business-Type Activities</b>				
Water & sewer	13,265,870	12,240,416	209,500	-
Airport	1,347,529	797,561	50,000	-
<b>Total Business-Type Activities</b>	14,613,399	13,037,977	259,500	-
<b>Total Primary Government</b>	\$ 32,364,697	\$ 15,083,106	\$ 383,817	\$ 4,060,872
<b>Component Unit</b>				
Development District	1,086,852	-	-	-
<b>Total Component Unit Activities</b>	\$ 1,086,852	\$ -	\$ -	\$ -

**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>Development</u>
<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>District</u>
\$ (2,035,093)	\$ -	\$ (2,035,093)	\$ -
(8,465,488)	-	(8,465,488)	-
(183,515)	-	(183,515)	-
(405,640)	-	(405,640)	-
(431,244)	-	(431,244)	-
<u>(11,520,980)</u>	<u>-</u>	<u>(11,520,980)</u>	<u>-</u>
-	(815,954)	(815,954)	-
-	(499,968)	(499,968)	-
<u>-</u>	<u>(1,315,922)</u>	<u>(1,315,922)</u>	<u>-</u>
<u>(11,520,980)</u>	<u>(1,315,922)</u>	<u>(12,836,902)</u>	<u>-</u>
			(1,086,852)
			<u>(1,086,852)</u>
4,206,268	-	4,206,268	-
5,834,265	-	5,834,265	1,941,914
1,413,841	-	1,413,841	-
39,330	-	39,330	-
665,886	-	665,886	-
24,211	28,894	53,105	3,380
758,028	-	758,028	-
410,709	384,323	795,032	-
1,079,973	(1,079,973)	-	-
<u>14,432,511</u>	<u>(666,756)</u>	<u>13,765,755</u>	<u>1,945,294</u>
2,911,531	(1,982,678)	928,853	858,442
23,822,678	42,715,391	66,538,069	9,718,429
<u>\$ 26,734,209</u>	<u>\$ 40,732,713</u>	<u>\$ 67,466,922</u>	<u>\$ 10,576,871</u>

# City of Mount Pleasant, Texas

## BALANCE SHEET

### GOVERNMENTAL FUNDS (Page 1 of 2)

September 30, 2021

	General Fund	Street Fund	Nonmajor Governmental Funds
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,172,923	\$ 2,203,699	\$ 1,959,177
Restricted cash	2,220,679	-	1,512,616
Receivables, net			
Property taxes	61,824	-	7,190
Sales taxes	992,487	-	-
Other taxes	-	-	61,480
Other receivable	121,720	162,406	6,729
Intergovernmental receivable	-	-	1,227
Due from other funds	250,000	-	-
<b>Total Assets</b>	<b>\$ 4,819,633</b>	<b>\$ 2,366,105</b>	<b>\$ 3,548,419</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 323,107	\$ 628,168	\$ 208,807
Accrued liabilities	312,832	20,858	-
Due to other funds	-	-	250,000
<b>Total Liabilities</b>	<b>635,939</b>	<b>649,026</b>	<b>458,807</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - property taxes	61,824	-	7,190
<b>Total Deferred Inflows of Resources</b>	<b>61,824</b>	<b>-</b>	<b>7,190</b>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$ 5,335,799  
3,733,295

69,014  
992,487  
61,480  
290,855  
1,227  
250,000

---

\$ 10,734,157

---

\$ 1,160,082  
333,690  
250,000

---

1,743,772

---

69,014

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69,014

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# City of Mount Pleasant, Texas

## BALANCE SHEET

### GOVERNMENTAL FUNDS (Page 2 of 2)

September 30, 2021

	General Fund	Street Fund	Nonmajor Governmental Funds
<b><u>Fund Balances</u></b>			
Restricted for:			
Debt service	\$ -	\$ -	\$ 2,956
Community improvements	-	-	1,666,124
Capital replacements	-	-	165,662
Cemetery	-	-	230
Municipal court	223,932	-	-
CARES Act	1,970,831	-	-
Tourism	-	-	287,291
Development	-	-	234,614
Capital projects	-	-	277,933
Public safety	-	-	66,440
Assigned to:			
Capital projects	-	1,717,079	-
Public safety	25,916	-	21,967
Library	-	-	17,633
Community improvements	-	-	341,572
Unassigned	1,901,191	-	-
<b>Total Fund Balances</b>	4,121,870	1,717,079	3,082,422
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	\$ 4,819,633	\$ 2,366,105	\$ 3,548,419

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$	2,956
	1,666,124
	165,662
	230
	223,932
	1,970,831
	287,291
	234,614
	277,933
	66,440
	1,717,079
	47,883
	17,633
	341,572
	1,901,191
	<hr/>
	8,921,371
	<hr/>
\$	<u><u>10,734,157</u></u>

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**City of Mount Pleasant, Texas**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**September 30, 2021**

<b>Fund Balances - Total Governmental Funds</b>	\$	8,921,371
 <b>Adjustments for the Statement of Net Position:</b>		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		10,607,058
Capital assets - net depreciable		29,063,652
 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.		
Deferred loss on refunding		61,798
Pension contributions		826,986
OPEB contributions		5,653
Pension difference in experience		182,172
Pension changes in assumptions		42,806
Pension investment earnings		(857,112)
OPEB experience - TMRS SDBF		23,389
OPEB experience - Healthcare		(21,792)
OPEB changes in assumptions		187,281
 Some liabilities, including bonds payable and deferred charges are not reported as liabilities in the governmental funds.		
Compensated absences		(611,375)
Accrued interest		(203,327)
Premiums on bonds payable		(916,027)
Non-current liabilities due in one year		(788,019)
Non-current liabilities due in more than one year		(14,656,199)
Net pension liability		(3,921,056)
OPEB liability - SDBF		(461,810)
OPEB liability - Healthcare		(820,254)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>26,734,209</b>

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, 2021

	General Fund	Street Fund	Nonmajor Governmental Funds
<b>Revenues</b>			
Property tax	\$ 3,378,865	\$ -	\$ 827,403
Sales tax	5,834,265	-	-
Mixed beverage taxes	39,330	-	-
Hotel occupancy taxes	-	-	665,886
Intergovernmental revenue	2,660,872	-	1,524,317
License and permits	235,768	-	-
Charges for services	1,131,059	-	-
Fines and forfeitures	678,302	-	-
Franchise tax	89,706	1,297,726	26,409
Investment income	18,593	1,385	4,233
Royalties	758,028	-	-
Other revenues	154,770	-	73,774
<b>Total Revenues</b>	14,979,558	1,299,111	3,122,022
<b>Expenditures</b>			
Current:			
General government	2,313,460	-	1,002,275
Public safety	9,110,434	-	31,250
Public service	-	-	-
Public works	438,264	1,365,160	-
Parks and recreation	1,551,017	-	169,177
Library	446,887	-	-
Debt service:			
Principal	-	350,000	390,253
Interest and fiscal charges	-	103,613	446,290
Capital outlay	83,134	619,181	696,070
<b>Total Expenditures</b>	13,943,196	2,437,954	2,735,315
<b>Revenues Over (Under) Expenditures</b>	1,036,362	(1,138,843)	386,707

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$ 4,206,268  
5,834,265  
39,330  
665,886  
4,185,189  
235,768  
1,131,059  
678,302  
1,413,841  
24,211  
758,028  
228,544

---

19,400,691

---

3,315,735  
9,141,684  
-  
1,803,424  
1,720,194  
446,887

740,253  
549,903  
1,398,385

---

19,116,465

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284,226

# 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, 2021

	General Fund	Street Fund	Nonmajor Governmental Funds
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	770,636	350,000	1,160,167
Transfers (out)	(680,167)	(483,930)	(36,733)
Capital lease issuance	54,090	-	-
Sale of capital assets	4,500	-	177,665
<b>Total Other Financing Sources (Uses)</b>	149,059	(133,930)	1,301,099
<b>Net Change in Fund Balances</b>	1,185,421	(1,272,773)	1,687,806
Beginning fund balances	2,936,449	2,989,852	1,394,616
<b>Ending Fund Balances</b>	\$ 4,121,870	\$ 1,717,079	\$ 3,082,422

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

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2,280,803

(1,200,830)

54,090

182,165

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1,316,228

1,600,454

7,320,917

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\$ 8,921,371

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# 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, 2021

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

Net changes in fund balances - total governmental funds	\$ 1,600,454
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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.

Capital outlay	2,151,747
Depreciation expense	(1,978,591)

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	70,051
Accrued interest	2,138
Pension expense	342,180
OPEB expense	(79,132)
Amortization of debt premium	123,890

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.

Deferred loss on debt refunding	(7,369)
Capital lease issuance	(54,090)
Principal payments	740,253

<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,911,531</b>
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See Notes to Financial Statements.

# City of Mount Pleasant, Texas

## STATEMENT OF NET POSITION PROPRIETARY FUND (Page 1 of 2)

September 30, 2021

	Water & Sewer	Nonmajor Airport	Total
<b><u>Assets</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 2,685,454	\$ 197,777	\$ 2,883,231
Restricted cash	58,531,782	-	58,531,782
Restricted cash - debt service TWDB	2,839,100	-	2,839,100
Accounts and other receivables, net	1,186,680	-	1,186,680
<b>Total Current Assets</b>	65,243,016	197,777	65,440,793
<b><u>Noncurrent Assets</u></b>			
Capital assets:			
Non-depreciable	10,119,901	2,127,561	12,247,462
Net depreciable capital assets	41,948,824	5,768,959	47,717,783
<b>Total Noncurrent Assets</b>	52,068,725	7,896,520	59,965,245
<b>Total Assets</b>	117,311,741	8,094,297	125,406,038
<b><u>Deferred Outflows of Resources</u></b>			
Deferred OPEB outflows	51,046	5,623	56,669
Deferred pension outflows	226,589	25,857	252,446
<b>Total Deferred Outflows of Resources</b>	\$ 277,635	\$ 31,480	\$ 309,115

See Notes to Financial Statements.



# City of Mount Pleasant, Texas

## STATEMENT OF NET POSITION PROPRIETARY FUND (Page 2 of 2)

September 30, 2021

	Water & Sewer	Nonmajor Airport	Total
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts payable and accrued liabilities	\$ 1,398,213	\$ 65,838	\$ 1,464,051
Customer deposits	220,405	-	220,405
Compensated absences, current	76,289	28,478	104,767
Long-term debt due within one year	1,505,000	-	1,505,000
Accrued interest	626,624	-	626,624
<b>Total Current Liabilities</b>	3,826,531	94,316	3,920,847
<b><u>Noncurrent Liabilities</u></b>			
Net pension liability	844,582	96,375	940,957
OPEB liabilities	308,359	33,733	342,092
Compensated absences, noncurrent	8,477	3,164	11,641
Debt due in more than one year	79,555,988	-	79,555,988
<b>Total Liabilities</b>	84,543,937	227,588	84,771,525
<b><u>Deferred Inflows of Resources</u></b>			
Deferred OPEB inflows	4,694	535	5,229
Deferred pension inflows	184,619	21,067	205,686
<b>Total Deferred Inflows of Resources</b>	189,313	21,602	210,915
<b><u>Net Position</u></b>			
Net investment in capital assets	31,182,741	7,896,520	39,079,261
Unrestricted	1,673,385	(19,933)	1,653,452
<b>Total Net Position</b>	\$ 32,856,126	\$ 7,876,587	\$ 40,732,713

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, 2021

	Water & Sewer	Nonmajor Airport	Total
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 12,139,674	\$ 797,561	\$ 12,937,235
Other operating revenue	100,742	-	100,742
Intergovernmental	209,500	50,000	259,500
<b>Total Operating Revenues</b>	12,449,916	847,561	13,297,477
<b><u>Operating Expenses</u></b>			
Personnel	2,528,406	261,856	2,790,262
Supplies and services	705,737	451,744	1,157,481
Maintenance	814,869	9,972	824,841
Administrative Fees	5,293,895	55,062	5,348,957
Depreciation	2,065,697	568,895	2,634,592
<b>Total Operating Expenses</b>	11,408,604	1,347,529	12,756,133
<b>Operating Income (Loss)</b>	1,041,312	(499,968)	541,344
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	28,894	-	28,894
Interest expense	(832,088)	-	(832,088)
Bond issuance costs	(1,025,178)	-	(1,025,178)
Other revenue	384,111	212	384,323
<b>Total Nonoperating Revenues (Expenses)</b>	(1,444,261)	212	(1,444,049)
<b>Income (Loss) Before Transfers</b>	(402,949)	(499,756)	(902,705)
Transfers in	35,128	-	35,128
Transfers (out)	(1,113,782)	(1,319)	(1,115,101)
<b>Change in Net Position</b>	(1,481,603)	(501,075)	(1,982,678)
Beginning net position	34,337,729	8,377,662	42,715,391
<b>Ending Net Position</b>	\$ 32,856,126	\$ 7,876,587	\$ 40,732,713

See Notes to Financial Statements.

# City of Mount Pleasant, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 1 of 2) For the Year Ended September 30, 2021

	Water & Sewer	Nonmajor Airport	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers	\$ 12,361,617	\$ 847,773	\$ 13,209,390
Payments to employees	(2,588,523)	(267,434)	(2,855,957)
Payments to suppliers and contractors	(5,878,817)	(464,947)	(6,343,764)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,894,277</b>	<b>115,392</b>	<b>4,009,669</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfer from other funds	35,128	-	35,128
Transfer to other funds	(1,113,782)	(1,319)	(1,115,101)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,078,654)</b>	<b>(1,319)</b>	<b>(1,079,973)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Purchase of capital assets	(2,957,023)	(162,808)	(3,119,831)
Principal paid on capital debt	(1,405,000)	-	(1,405,000)
Proceeds from issuance of debt	57,762,761	-	57,762,761
Bond issuance costs	(1,025,178)	-	(1,025,178)
Interest paid on capital debt	(261,496)	-	(261,496)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>52,374,488</b>	<b>(162,808)</b>	<b>52,211,680</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest on investments	28,894	-	28,894
<b>Net Cash Provided by Investing Activities</b>	<b>28,894</b>	<b>-</b>	<b>28,894</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>55,219,005</b>	<b>(48,735)</b>	<b>55,170,270</b>
Beginning cash and cash equivalents	8,837,331	246,512	9,083,843
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 64,056,336</b>	<b>\$ 197,777</b>	<b>\$ 64,254,113</b>

See Notes to Financial Statements.

# City of Mount Pleasant, Texas

## STATEMENT OF CASH FLOWS PROPRIETARY FUND (Page 2 of 2) For the Year Ended September 30, 2021

	Water & Sewer	Airport	Total
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating Income (loss)	\$ 1,041,312	\$ (499,968)	\$ 541,344
Adjustments to reconcile operating income to net cash provided:			
Depreciation	2,065,697	568,895	2,634,592
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in:</b>			
Accounts receivable	(239,286)	-	(239,286)
Deferred outflows/inflows - pension and OPEB	(28,741)	(3,316)	(32,057)
<b>Increase (Decrease) in:</b>			
Accounts payable and accrued liabilities	935,684	51,831	987,515
Customer deposits	27,300	-	27,300
Net pension liability	(49,466)	(5,645)	(55,111)
OPEB liability	22,988	2,595	25,583
Compensated absences	(4,898)	788	(4,110)
Nonoperating income	123,687	212	123,899
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,894,277</b>	<b>\$ 115,392</b>	<b>\$ 4,009,669</b>

See Notes to Financial Statements.

# City of Mount Pleasant, Texas

## NOTES TO FINANCIAL STATEMENTS

September 30, 2021

### 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, 2021

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 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, 2021

The City reports the following 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. This fund is considered a nonmajor fund for reporting purposes.

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.

**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

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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.



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**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

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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 or similar items are recorded at acquisition 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.

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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.

<b>Asset Description</b>	<b>Estimated Useful Life</b>
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.

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**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

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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.

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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

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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."

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**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	\$ 297,650
Debt Service Fund:	
Total expenditures	\$ 42,543
Street Fund:	
Transfers out	\$ 3,930
Hotel/Motel/Civic Center Fund:	
Transfers out	\$ 1,605
Capital Replacement Fund:	
Transfers out	\$ 35,128



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**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2021, the primary government had the following investments:

<b>Investment Type</b>	<b>Value</b>	<b>Weighted Average Maturity (Years)</b>
External investment pools	\$ 62,069,823	0.13
Total fair value	\$ 62,069,823	
Portfolio weighted average maturity		0.13

As of September 30, 2021, the City's component unit had the following investments:

<b>Investment Type</b>	<b>Value</b>	<b>Weighted Average Maturity (Years)</b>
External investment pools	\$ 4,003,310	0.12
Total fair value	\$ 4,003,310	
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, 2021, 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

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deposits. As of September 30, 2021, the market values of pledged securities and FDIC exceeded bank balances.

*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, 2021, 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

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

**TexasTERM**

TexasTERM is an external investment pool operated by a private asset management corporation and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Investments Act provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The City participates in both investment options operated by TexasTERM – a daily investment pool (TexasDAILY) and a long-term investment pool (TexasTERM). At September 30, 2021, the fair value of the position in both the TexasTERM investments approximate fair value of the shares. 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	992,487	-	-	-	992,487
Franchise tax	-	162,406	6,729	-	169,135
Intergovernmental	-	-	1,227	-	1,227
Hotel occupancy taxes	-	-	61,480	-	61,480
Accounts, net	121,720	-	-	1,373,771	1,495,491
Allowance	(92,736)	-	-	(187,091)	(279,827)
<b>Total</b>	<u>\$ 1,176,031</u>	<u>\$ 162,406</u>	<u>\$ 76,626</u>	<u>\$ 1,186,680</u>	<u>\$ 2,601,743</u>

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

	<u>Industrial Development District</u>
Sales tax	\$ 330,829
<b>Total</b>	<u>\$ 330,829</u>

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**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	\$ 41,141	\$ -	\$ 2,090,535
Construction in progress	7,370,626	1,479,388	(333,491)	8,516,523
Total capital assets not being depreciated	<u>9,420,020</u>	<u>1,520,529</u>	<u>(333,491)</u>	<u>10,607,058</u>
Capital assets, being depreciated:				
Buildings	11,413,786	-	-	11,413,786
Improvements	10,265,715	350,100	333,491	10,949,306
Infrastructure	26,417,272	-	-	26,417,272
Machinery	6,707,589	212,788	(73,894)	6,846,483
Vehicles	4,209,720	68,330	(405,556)	3,872,494
Total capital assets being depreciated	<u>59,014,082</u>	<u>631,218</u>	<u>(145,959)</u>	<u>59,499,341</u>
Less accumulated depreciation				
Buildings	(3,544,656)	(252,423)	-	(3,797,079)
Improvements	(4,878,228)	(379,965)	-	(5,258,193)
Infrastructure	(12,581,976)	(497,841)	-	(13,079,817)
Machinery	(5,013,954)	(527,808)	73,894	(5,467,868)
Vehicles	(2,917,734)	(320,554)	405,556	(2,832,732)
Total accumulated depreciation	<u>(28,936,548)</u>	<u>(1,978,591)</u>	<u>479,450</u>	<u>(30,435,689)</u>
Net capital assets being depreciated	<u>30,077,534</u>	<u>(1,347,373)</u>	<u>333,491</u>	<u>29,063,652</u>
<b>Total Capital Assets</b>	<u>\$ 39,497,554</u>	<u>\$ 173,156</u>	<u>\$ -</u>	<u>\$ 39,670,710</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 76,040
Public safety	437,230
Public service	19,010
Public works	1,102,579
Parks and recreation	210,662
Library	133,070
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 1,978,591</u>

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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	3,038,502	139,028	3,453,234
Total capital assets not being depreciated	<u>9,069,932</u>	<u>3,038,502</u>	<u>139,028</u>	<u>12,247,462</u>
Capital assets, being depreciated:				
Buildings	32,128,432	-	-	32,128,432
Improvements	18,825,418	-	(139,028)	18,686,390
Infrastructure	29,660,655	-	-	29,660,655
Machinery	8,600,702	46,202	(130,475)	8,516,429
Vehicles	1,247,593	35,127	(72,633)	1,210,087
Total capital assets being depreciated	<u>90,462,800</u>	<u>81,329</u>	<u>(342,136)</u>	<u>90,201,993</u>
Less accumulated depreciation				
Buildings	(10,828,697)	(636,193)	-	(11,464,890)
Improvements	(8,944,830)	(889,506)	-	(9,834,336)
Infrastructure	(12,603,127)	(540,987)	-	(13,144,114)
Machinery	(6,769,550)	(456,934)	130,475	(7,096,009)
Vehicles	(906,522)	(110,972)	72,633	(944,861)
Total accumulated depreciation	<u>(40,052,726)</u>	<u>(2,634,592)</u>	<u>203,108</u>	<u>(42,484,210)</u>
Net capital assets being depreciated	50,410,074	(2,553,263)	(139,028)	47,717,783
<b>Total capital assets</b>	<u>\$ 59,480,006</u>	<u>\$ 485,239</u>	<u>\$ -</u>	<u>\$ 59,965,245</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 2,065,697
Airport	568,895
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 2,634,592</u>

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**September 30, 2021**

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	(181,566)	(36,274)	-	(217,840)
Improvements	(1,109,878)	(85,935)	-	(1,195,813)
Infrastructure	(693,695)	(49,985)	-	(743,680)
Total accumulated depreciation	<u>(1,985,139)</u>	<u>(172,194)</u>	<u>-</u>	<u>(2,157,333)</u>
Net capital assets being depreciated	<u>3,865,195</u>	<u>(172,194)</u>	<u>-</u>	<u>3,693,001</u>
<b>Total capital assets</b>	<u><u>\$ 5,493,351</u></u>	<u><u>\$ (172,194)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,321,157</u></u>

**City of Mount Pleasant, Texas**  
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**D. 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>
<b>Governmental Activities:</b>					
Certificates of obligations	\$ 12,955,000	\$ -	\$ (515,000)	\$ 12,440,000	\$ 525,000
General obligation bonds	2,870,000	-	(185,000)	2,685,000	205,000
Capital lease obligation	305,381	54,090	(40,253)	319,218	58,019
Issuance premium	1,039,917	-	(123,890)	916,027	-
<b>Total Governmental Activities</b>	<u>\$ 17,170,298</u>	<u>\$ 54,090</u>	<u>\$ (864,143)</u>	<u>\$ 16,360,245</u>	<u>\$ 788,019</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 15,572,226</u>	
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 19,180,000	\$ -	\$ (1,145,000)	\$ 18,035,000	\$ 1,165,000
Certificates of obligations	3,985,000	55,560,000	-	59,545,000	85,000
GO refunding bonds	1,465,000	-	(260,000)	1,205,000	255,000
Issuance discount	(39,428)	-	6,570	(32,858)	-
Issuance premium	149,980	2,202,761	(43,895)	2,308,846	-
<b>Total Business-Type Activities</b>	<u>\$ 24,740,552</u>	<u>\$ 57,762,761</u>	<u>\$ (1,442,325)</u>	<u>\$ 81,060,988</u>	<u>\$ 1,505,000</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ 79,555,988</u>	
<b>Component Unit Activities:</b>					
IDC Taxable Note Payable	\$ 547,241	\$ -	\$ (547,241)	\$ -	\$ -
IDC Non-Taxable Note Payable	908,549	-	(908,549)	-	-
<b>Total Component Unit Activities:</b>	<u>\$ 1,455,790</u>	<u>\$ -</u>	<u>\$ (1,455,790)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Long-term Liabilities Due in More than One Year</b>				<u>\$ -</u>	

**City of Mount Pleasant, Texas**  
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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.

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

Description	Interest Rates	Maturity Date	Original Balance	Current Balance
<b>Governmental Activities:</b>				
2012 Certificates of Obligation	2%-2.75%	5/15/2032	\$ 7,115,000	\$ 4,350,000
2017 Combination tax & revenue cert.	4%	5/15/2038	8,440,000	8,090,000
		<b>Total Certificates of Obligation</b>	<u>15,555,000</u>	<u>12,440,000</u>
2020 General Obligation Refunding Bond	2%-4%	5/15/2030	2,900,000	2,685,000
		<b>Total General Obligation Bonds</b>	<u>2,900,000</u>	<u>2,685,000</u>
2020 Capital Lease	3.50%	9/30/2027	305,381	319,218
		<b>Total Capital Lease</b>	<u>305,381</u>	<u>319,218</u>
		<b>Total Governmental Activities</b>	<u>\$ 18,760,381</u>	<u>\$ 15,444,218</u>
<b>Business-Type Activities:</b>				
2008 Utility System Revenue Bonds	1.00%	3/15/2033	\$ 22,905,000	\$ 18,035,000
2016 General Obligation Refunding Bond	2%-2.75%	5/15/2026	7,115,000	1,205,000
		<b>Total Bonds</b>	<u>30,020,000</u>	<u>19,240,000</u>
2020 Certificates of Obligation	1.15%-4.15%	5/15/2030	3,985,000	3,985,000
2021 Combination tax & revenue certificate	2.25-5%	5/15/2051	55,560,000	55,560,000
		<b>Total Certificates</b>	<u>59,545,000</u>	<u>59,545,000</u>
		<b>Total Business-Type Activities</b>	<u>\$ 89,565,000</u>	<u>\$ 78,785,000</u>



**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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
2022	\$ 205,000	\$ 107,400	\$ 525,000	\$ 407,813	\$ 58,019	\$ 11,043
2023	225,000	99,200	535,000	397,313	60,007	9,054
2024	245,000	90,200	545,000	384,913	62,064	6,997
2025	270,000	80,400	560,000	372,263	44,975	4,869
2026	295,000	69,600	570,000	359,263	46,548	3,295
2027	320,000	57,800	585,000	346,013	47,605	2,238
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	-	-
<b>Total</b>	<u>\$ 2,685,000</u>	<u>\$ 597,000</u>	<u>\$ 12,440,000</u>	<u>\$ 4,455,080</u>	<u>\$ 319,218</u>	<u>\$ 37,496</u>

The net book value of capital assets with a capital lease as of September 30, 2021 was \$562,810.

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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

<b>Business-Type Activities</b>				
<b>Year ending September 30,</b>	<b>Certificates of Obligation &amp;</b>			
	<b>Revenue Bonds</b>		<b>GO Refunding Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 1,250,000	\$ 1,730,431	\$ 255,000	\$ 19,160
2023	1,270,000	1,699,883	250,000	15,105
2024	1,295,000	1,685,995	240,000	11,130
2025	1,755,000	1,670,243	235,000	7,314
2026	1,860,000	1,632,515	225,000	3,578
2027 - 2031	11,100,000	7,502,913	-	-
2032 - 2036	12,160,000	6,443,870	-	-
2037 - 2041	13,895,000	4,702,553	-	-
2042 - 2046	15,580,000	3,026,363	-	-
2047 - 2051	17,415,000	1,192,950	-	-
<b>Total</b>	<b>\$ 77,580,000</b>	<b>\$ 31,287,716</b>	<b>\$ 1,205,000</b>	<b>\$ 56,287</b>

On April 20, 2021 the City issued \$55,560,000 combination tax and revenue certificates with an approximate interest rate ranging from 2.25% - 5.00%. The certificates are to be repaid annually through May 15, 2051. Proceeds received from the issuance were \$57,762,761, including a premium on issuance of \$2,202,761. Issuance costs including the underwriter's discount totaled \$1,025,178. The remainder of the proceeds received are classified as restricted cash to be used for improvements to the city's water and wastewater system.

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**E. 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.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 681,426	\$ 42,499	\$ (112,550)	\$ 611,375	\$ 550,238
<b>Total Governmental Activities</b>	<b>\$ 681,426</b>	<b>\$ 42,499</b>	<b>\$ (112,550)</b>	<b>\$ 611,375</b>	<b>\$ 550,238</b>
<b>Long-term Liabilities Due in More than One Year</b>				<b>\$ 61,137</b>	
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 120,518	\$ 788	\$ (4,898)	\$ 116,408	\$ 104,767
<b>Total Business-Type Activities</b>	<b>\$ 120,518</b>	<b>\$ 788</b>	<b>\$ (4,898)</b>	<b>\$ 116,408</b>	<b>\$ 104,767</b>
<b>Long-term Liabilities Due in More than One Year</b>				<b>\$ 11,641</b>	
<b>Component Unit Activities:</b>					
Compensated Absences	\$ 13,081	\$ -	\$ (7,027)	\$ 6,054	\$ 5,449
<b>Total Component Unit Activities</b>	<b>\$ 13,081</b>	<b>\$ -</b>	<b>\$ (7,027)</b>	<b>\$ 6,054</b>	<b>\$ 5,449</b>
<b>Long-term Liabilities Due in More than One Year</b>				<b>\$ 605</b>	

**F. Interfund Receivables and Payables**

The composition of interfund balances as of September 30, 2021, is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Debt service (nonmajor)	\$ 250,000
		\$ 250,000

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, 2021**

**G. Interfund Transactions**

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

Transfer Out:	Transfer In				Total
	General	Nonmajor Governmental	Street	Water and Sewer	
Street	\$ 3,930	\$ 480,000	\$ -	\$ -	\$ 483,930
General	-	680,167	-	-	680,167
Nonmajor governmental	1,605	-	-	35,128	36,733
Water and sewer	763,782	-	350,000	-	1,113,782
Airport	1,319	-	-	-	1,319
<b>Total</b>	<b>\$ 770,636</b>	<b>\$ 1,160,167</b>	<b>\$ 350,000</b>	<b>\$ 35,128</b>	<b>\$ 2,315,931</b>

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

**H. 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.

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

	Restricted	Assigned
Debt service	\$ 2,956	\$ -
Community Development	1,666,124	-
Capital replacements	165,662	-
Cemetery	230	-
Municipal court	223,932 *	-
CARES Act	1,970,831	-
Tourism	287,291	-
Development	234,614	-
Capital projects	277,933	-
Public safety	66,440	-
Capital projects	-	1,717,079
Public safety	-	47,883
Library	-	17,633
Community Improvements	-	341,572
<b>Total</b>	<b>\$ 4,896,013</b>	<b>\$ 2,124,167</b>

\*Restricted by enabling legislation

**City of Mount Pleasant, Texas**  
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September 30, 2021

**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 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.

**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

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

**D. Construction Commitments**

As of September 30, 2021, the City had the following contractual construction commitments:

<b>Project</b>	<b>Remaining Commitment</b>
WWTP rehabilitation	\$ 3,073,242
School street	195,101
Basin sewer line	618,797
New city lake spillway bridge	13,233
4th street culvert replacement	7,420
Big tex lift station	410,780
24 inch water line	1,547,978
I-30 storage tank	893,585
West loop WWCS Imp.	1,440,060
Tri SUD study	7,500
12" water line	5,038
Street light modification	21,577
Pavement assessment	18,960
Various other projects	7,023
<b>Total</b>	<b>\$ 8,260,294</b>

**E. Pension Plans**

**Texas Municipal Retirement Systems**

**1. Plan Description**

The City participates as one of 895 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](http://www.tmr.com).

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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. Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2019</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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	101
Inactive employees entitled to but not yet receiving benefits	95
Active employees	165
<b>Total</b>	<b>361</b>

**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

**City of Mount Pleasant, Texas**  
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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 14.98% and 14.63% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$1,433,992, and were equal to the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% 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



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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).

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
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. Of the total pension liability, \$4,862,013 is related to the primary government and \$66,937 is attributable to the discretely presented component unit.

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**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:

**Primary Government**

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 11,935,580	\$ 4,862,013	\$ (875,054)

**Component Unit**

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 164,321	\$ 66,937	\$ (12,047)

**Total**

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 12,099,901	\$ 4,928,950	\$ (887,101)

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
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**Changes in the Net Pension Liability:**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Total Net Pension Liability</b>	<b>Primary Government</b>	<b>Component Unit</b>
<b>Balance at 12/31/19</b>	\$ 43,163,230	\$ 37,945,599	\$ 5,217,631	\$ 5,146,774	\$ 70,857
Changes for the year:					
Service cost	1,585,135	-	1,585,135	1,563,608	21,527
Interest	2,906,099	-	2,906,099	2,866,633	39,466
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	205,878	-	205,878	203,082	2,796
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	1,446,120	(1,446,120)	(1,426,481)	(19,639)
Contributions – employee	-	675,758	(675,758)	(666,581)	(9,177)
Net investment income	-	2,883,280	(2,883,280)	(2,844,124)	(39,156)
Benefit payments, including refunds of emp. contributions	(1,804,971)	(1,804,971)	-	-	-
Administrative expense	-	(18,638)	18,638	18,385	253
Other changes	-	(727)	727	717	10
Net changes	2,892,141	3,180,822	(288,681)	(284,761)	(3,920)
<b>Balance at 12/31/20</b>	<b>\$ 46,055,371</b>	<b>\$ 41,126,421</b>	<b>\$ 4,928,950</b>	<b>\$ 4,862,013</b>	<b>\$ 66,937</b>

**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.tmrs.com](http://www.tmrs.com).

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

For the year ended September 30, 2021, the City recognized pension expense of \$1,003,854. Of this amount, \$990,221 is related to the primary government and \$13,633 is attributable to the discretely presented component unit.

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
<b>Primary Government:</b>		
Difference between projected and actual investment earnings	\$ -	\$ (1,062,798)
Differences between expected and actual economic experience	225,889	-
Changes in assumptions	53,079	
Contributions subsequent to the measurement date	1,025,442	-
<b>Component Unit:</b>		
Difference between projected and actual investment earnings	-	(14,632)
Differences between expected and actual economic experience	3,110	-
Changes in assumptions	730	-
Contributions subsequent to the measurement date	14,117	-
<b>Total</b>	<u>\$ 1,322,367</u>	<u>\$ (1,077,430)</u>

The primary government and component unit reported \$1,025,422 and \$14,117, respectively, 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, 2022.

Year ended December 31:	Primary	Discretely Presented	Total
	Government	Component Unit	
2021	\$ (261,099)	\$ (3,595)	\$ (264,694)
2022	94,683	1,304	95,987
2023	(567,624)	(7,815)	(575,439)
2024	(49,790)	(686)	(50,476)
2025	-	-	-
Thereafter	-	-	-
	<u>\$ (783,830)</u>	<u>\$ (10,792)</u>	<u>\$ (794,622)</u>

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

**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 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	26
Active employees	165
<b>Total</b>	<b>251</b>

The City’s contributions to the TMRS SDBF for the years ended 2020, and 2021 were \$3,582 and \$8,159, 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
2019	0.04%	0.04%	100.0%
2020	0.04%	0.04%	100.0%
2021	0.10%	0.10%	100.0%

**City of Mount Pleasant, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2021

**Total OPEB Liability**

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2020, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2020 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	2.00%
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 2.00%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

**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 2.00%, as well as what the City's net pension liability (asset) would be if it were

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

**Primary Government**

1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
\$ 714,289	\$ 572,634	\$ 465,635

**Component Unit**

1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
\$ 9,834	\$ 7,884	\$ 6,411

**Total**

1% Decrease 1.00%	Current Single Rate Assumption 2.00%	1% Increase 3.00%
\$ 724,123	\$ 580,518	\$ 472,046

**Changes in the Total OPEB Liability:**

	Total OPEB Liability	Component Unit	Primary Government
<b>Balance at 12/31/19</b>	\$ 470,342	\$ 6,388	\$ 463,954
Changes for the year:			
Service Cost	27,030	367	26,663
Interest	13,253	180	13,073
Difference between expected actual experience	(10,287)	(140)	(10,147)
Changes of assumptions	84,041	1,141	82,900
Benefit payments	(3,861)	(52)	(3,809)
Net changes	110,176	1,496	108,680
<b>Balance at 12/31/20</b>	\$ 580,518	\$ 7,884	\$ 572,634

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$61,530. Of this amount, \$60,694 is related to the primary government and \$836 is attributable to the discretely presented component unit.

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
<b>Primary Government:</b>		
Contributions subsequent to measurement date	\$ 7,010	\$ -
Difference in experience	-	(27,021)
Change in assumptions	120,717	-
<b>Component Unit:</b>		
Contributions subsequent to measurement date	96	-
Difference in experience	-	(371)
Change in assumptions	1,661	-
<b>Total</b>	<u>\$ 129,484</u>	<u>\$ (27,392)</u>

The primary government and component unit reported \$7,010, and \$96, respectively, 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, 2022.

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

<b>Year ended December 31:</b>	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>	<b>Total</b>
2021	\$ 20,958	\$ 289	\$ 21,247
2022	20,958	289	21,247
2023	17,189	237	17,426
2024	19,905	274	20,179
2025	14,243	196	14,439
Thereafter	442	6	448
	<u>\$ 93,696</u>	<u>\$ 1,290</u>	<u>\$ 94,986</u>

**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



**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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, 2021.

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:

**Primary Government**

1% Decrease 1.25%	Current Single Rate Assumption 2.25%	1% Increase 3.25%
\$ 1,148,209	\$ 1,051,522	\$ 964,195

**Component Unit**

1% Decrease 1.25%	Current Single Rate Assumption 2.25%	1% Increase 3.25%
\$ 12,312	\$ 11,275	\$ 10,339

**Total**

1% Decrease 1.25%	Current Single Rate Assumption 2.25%	1% Increase 3.25%
\$ 1,160,521	\$ 1,062,797	\$ 974,534

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

Healthcare Cost Trend

Primary Government

1% Decrease	Current Single Rate	1% Increase
3.50%	Assumption 4.50%	5.50%
\$ 943,053	\$ 1,051,522	\$ 1,181,378

Component Unit

1% Decrease	Current Single Rate	1% Increase
3.50%	Assumption 4.50%	5.50%
\$ 10,112	\$ 11,275	\$ 12,668

Total

1% Decrease	Current Single Rate	1% Increase
3.50%	Assumption 4.50%	5.50%
\$ 953,165	\$ 1,062,797	\$ 1,194,046

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>	<u>Component Unit</u>	<u>Primary Government</u>
<b>Balance at 9/30/2020</b>	\$ 1,041,811	\$ 10,975	\$ 1,030,836
Changes for the year:			
Service Cost	70,983	753	70,230
Interest	24,202	257	23,945
Difference between expected actual experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments	(74,199)	(787)	(73,412)
Net changes	20,986	223	20,763
<b>Balance at 9/30/2021</b>	<u>\$ 1,062,797</u>	<u>\$ 11,198</u>	<u>\$ 1,051,599</u>

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$121,795. Of this amount, \$120,503 is related to the primary government and \$1,292 is attributable to the discretely presented component unit.

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

Employees covered by benefit terms

At the September 30, 2021 valuation (the most recent available date) and measurement date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Employee</u>	<u>Employee &amp; 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 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 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, 2021 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.

**City of Mount Pleasant, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2021**

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, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the Healthcare OPEB liability from the following sources:

<b>Component Unit:</b>	<b>Deferred Outflows of Resources</b>	
Difference in experience	\$	520
Change in assumptions		1,106
<b>Primary Government:</b>		
Difference in experience		41,256
Change in assumptions		104,009
<b>Total</b>	<b>\$</b>	<b>146,891</b>

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

<b>Year ended September 30:</b>	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>	<b>Total</b>
2022	\$ 26,328	\$ 282	\$ 26,610
2023	26,328	282	26,610
2024	26,328	282	26,610
2025	26,328	282	26,610
2026	26,328	282	26,610
Thereafter	13,627	214	13,841
	<b>\$ 145,265</b>	<b>\$ 1,626</b>	<b>\$ 146,891</b>

**City of Mount Pleasant, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
**September 30, 2021**

**G. Subsequent Events**

On December 21, 2021, the City issued a \$463,000 Series 2021 Tax Note. The note bears interest at 1.5%, is payable in annual installments of approximately \$71,650 of principal and interest. The final maturity of this note is scheduled for 2029.

There were no other material subsequent events through March 14, 2022, the date the financial statements were available to be issued.

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***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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Property tax	\$ 3,395,000	\$ 3,405,000	\$ 3,378,865	\$ (26,135)
Sales tax	5,040,200	5,440,000	5,834,265	394,265
Mixed beverage tax	35,000	39,105	39,330	225
Franchise and local taxes	150,000	89,705	89,706	1
License and permits	135,800	255,450	235,768	(19,682)
Charges for services	1,084,000	1,190,400	1,131,059	(59,341)
Intergovernmental revenue	63,850	716,735	2,660,872	1,944,137
Fines and forfeitures	754,600	627,800	678,302	50,502
Investment income	50,000	16,000	18,593	2,593
Royalties	815,000	815,000	758,028	(56,972)
Other revenues	70,000	150,945	154,770	3,825
<b>Total Revenues</b>	<u>11,593,450</u>	<u>12,746,140</u>	<u>14,979,558</u>	<u>2,233,418</u>
<b><u>Expenditures</u></b>				
Current:				
General government	1,917,476	2,224,483	2,313,460	(88,977)
Public safety	8,246,550	8,925,978	9,110,434	(184,456)
Public works	358,260	429,292	438,264	(8,972)
Parks and recreation	1,365,217	1,546,852	1,551,017	(4,165)
Library	455,447	443,537	446,887	(3,350)
Capital outlay	-	74,404	83,134	(8,730)
Debt service:				
Principal	-	1,000	-	1,000
<b>Total Expenditures</b>	<u>12,342,950</u>	<u>13,645,546</u>	<u>13,943,196</u>	<u>(297,650) *</u>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(749,500)</u>	<u>(899,406)</u>	<u>1,036,362</u>	<u>1,935,768</u>



**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, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses)</b>				
Capital lease issuance	-	-	54,090	54,090
Transfers in	750,000	750,000	770,636	20,636
Transfers (out)	(500)	(1,529,070)	(680,167)	848,903
Sale of capital assets	-	-	4,500	4,500
<b>Total Other Financing Sources (Uses)</b>	<b>749,500</b>	<b>(779,070)</b>	<b>149,059</b>	<b>928,129</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (1,678,476)</b>	<b>1,185,421</b>	<b>\$ 2,863,897</b>
Beginning fund balance			2,936,449	
<b>Ending Fund Balance</b>			<b>\$ 4,121,870</b>	

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

Years Ended December 31,

	2020 <sup>1</sup>	2019	2018
Total pension liability			
Service cost	\$ 1,585,135	\$ 1,418,227	\$ 1,429,608
Interest	2,906,099	2,718,098	2,516,855
Differences between expected and actual experience	205,878	(13,552)	262,972
Changes of assumptions	-	100,803	-
Benefit payments, including refunds of participant contributions	(1,804,971)	(1,238,689)	(1,206,054)
<b>Net change in total pension liability</b>	<b>2,892,141</b>	<b>2,984,887</b>	<b>3,003,381</b>
<b>Total pension liability - beginning</b>	<b>\$ 43,163,231</b>	<b>\$ 40,178,344</b>	<b>\$ 37,174,963</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 46,055,372</b>	<b>\$ 43,163,231</b>	<b>\$ 40,178,344</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,446,120	\$ 1,258,146	\$ 1,262,297
Contributions - members	675,758	583,632	579,795
Net investment income	2,883,280	5,009,166	(981,247)
Benefit payments, including refunds of participant contributions	(1,804,971)	(1,238,689)	(1,206,054)
Administrative expenses	(18,638)	(28,270)	(18,947)
Other	(727)	(849)	(990)
<b>Net change in plan fiduciary net position</b>	<b>3,180,822</b>	<b>5,583,136</b>	<b>(365,146)</b>
<b>Plan fiduciary net position - beginning</b>	<b>37,945,600</b>	<b>32,362,464</b>	<b>32,727,610</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 41,126,422</b>	<b>\$ 37,945,600</b>	<b>\$ 32,362,464</b>
<b>Fund's net pension liability - ending (a) - (b)</b>	<b>\$ 4,928,950</b>	<b>\$ 5,217,631</b>	<b>\$ 7,815,880</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	 89.30%	 87.91%	 80.55%
<b>Covered payroll</b>	<b>\$ 9,653,686</b>	<b>\$ 8,337,600</b>	<b>\$ 8,282,780</b>
<b>Fund's net position as a percentage of covered payroll</b>	<b>51.06%</b>	<b>62.58%</b>	<b>94.36%</b>

**Notes to schedule:**

<sup>1</sup> 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.

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$	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)
	2,572,649	2,430,228	2,027,635	1,960,884
\$	34,602,314	\$ 32,172,086	\$ 30,144,451	\$ 28,183,567
\$	37,174,963	\$ 34,602,314	\$ 32,172,086	\$ 30,144,451
	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)
	4,557,015	2,343,379	470,367	1,990,268
	28,170,595	25,827,216	25,356,849	23,366,581
\$	32,727,610	\$ 28,170,595	\$ 25,827,216	\$ 25,356,849
\$	4,447,353	\$ 6,431,719	\$ 6,344,870	\$ 4,787,602
	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:**

	<sup>1</sup> <u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined employer contributions	\$ 1,433,992	\$ 1,343,731	\$ 1,267,196	\$ 1,252,188
Contributions in relation to the actuarially determined contribution	\$ 1,433,992	\$ 1,343,731	\$ 1,267,196	\$ 1,252,188
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered-employee payroll	\$ 9,738,728	\$ 8,955,953	\$ 8,377,947	\$ 8,186,857
Employer contributions as a percentage of covered-employee payroll	14.72%	15.00%	15.13%	15.30%

<sup>1</sup> 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	25 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>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
\$ 1,104,101	\$ 1,017,114	\$ 1,016,421	\$ 1,018,823
<u>\$ 1,104,101</u>	<u>\$ 1,017,114</u>	<u>\$ 1,016,421</u>	<u>\$ 1,018,823</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,132,436	\$ 6,626,153	\$ 6,360,582	\$ 6,133,792
15.48%	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,

	<sup>1</sup> 2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 27,030	\$ 14,174	\$ 18,222	\$ 14,765
Interest	13,253	14,493	13,303	12,968
Differences between expected and actual experience	(10,287)	(22,420)	(6,872)	-
Changes of assumptions	84,041	82,204	(30,116)	33,349
Benefit payments, including refunds of participant contributions	(3,861)	(3,335)	(4,141)	(3,885)
<b>Net change in total OPEB liability</b>	<b>110,176</b>	<b>85,116</b>	<b>(9,604)</b>	<b>57,197</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 470,342</b>	<b>\$ 385,226</b>	<b>\$ 394,830</b>	<b>\$ 337,633</b>
<b>Total OPEB liability - ending</b>	<b><sup>2</sup> \$ 580,518</b>	<b>\$ 470,342</b>	<b>\$ 385,226</b>	<b>\$ 394,830</b>
<b>Covered-employee payroll</b>	<b>\$ 9,653,686</b>	<b>\$ 8,282,780</b>	<b>\$ 8,282,780</b>	<b>\$ 7,770,922</b>
<b>Fund's net position as a percentage of covered-employee payroll</b>	<b>6.01%</b>	<b>5.68%</b>	<b>4.65%</b>	<b>5.08%</b>

**Notes to schedule:**

- <sup>1</sup> 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.
- <sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

# 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 September 30,

	<sup>1</sup> 2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 70,983	\$ 57,160	\$ 57,162	\$ 54,440
Interest	24,202	34,289	31,781	30,878
Differences between expected and actual experience	-	56,912	-	-
Changes of assumptions	-	143,199	-	-
Benefit payments, including refunds of participant contributions	(74,199)	(74,277)	(37,217)	(37,219)
<b>Net change in total OPEB liability</b>	<u>20,986</u>	<u>217,283</u>	<u>51,726</u>	<u>48,099</u>
<b>Total OPEB liability - beginning</b>	<u>\$ 1,041,811</u>	<u>\$ 824,528</u>	<u>\$ 772,802</u>	<u>\$ 724,703</u>
<b>Total OPEB liability - ending</b>	<u><sup>2</sup> \$ 1,062,797</u>	<u>\$ 1,041,811</u>	<u>\$ 824,528</u>	<u>\$ 772,802</u>
<b>Covered-employee payroll</b>	\$ 7,044,703	\$ 8,337,600	\$ 8,282,780	\$ 7,280,738
<b>Fund's net position as a percentage of covered-employee payroll</b>	15.09%	12.50%	9.95%	10.61%

**Notes to schedule:**

<sup>1</sup> 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.

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

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***OTHER SUPPLEMENTARY INFORMATION***

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*COMBINING AND INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES*

# City of Mount Pleasant, Texas

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2021

	Debt Service	Hotel/Motel Civic Center Occupancy	Cemetery	Police Seizure
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 252,956	\$ 245,599	\$ 230	\$ 65,895
Receivables, net	7,190	61,480	-	-
Restricted cash	-	-	-	117,520
<b>Total Assets</b>	<b>\$ 260,146</b>	<b>\$ 307,079</b>	<b>\$ 230</b>	<b>\$ 183,415</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 19,788	\$ -	\$ 116,975
Due to other funds	250,000	-	-	-
<b>Total Liabilities</b>	<b>250,000</b>	<b>19,788</b>	<b>-</b>	<b>116,975</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - prop. taxes	7,190	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>7,190</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Community Improvements	-	-	-	-
Capital replacements	-	-	-	-
Capital projects	-	-	-	-
Hotel/motel/civic center	-	287,291	-	-
Development	-	-	-	-
Cemetery	-	-	230	-
Debt Service	2,956	-	-	-
Public safety	-	-	-	66,440
Assigned to:				
Public safety	-	-	-	-
Community improvements	-	-	-	-
Library	-	-	-	-
<b>Total Fund Balances</b>	<b>2,956</b>	<b>287,291</b>	<b>230</b>	<b>66,440</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 260,146</b>	<b>\$ 307,079</b>	<b>\$ 230</b>	<b>\$ 183,415</b>

<u>Rural Development</u>	<u>Police</u>	<u>Library</u>	<u>Fireman's Relief Fund</u>	<u>PEG Funds</u>	<u>Community Improvements</u>	<u>Park Improvements</u>
\$ 234,614	\$ 20,740	\$ 15,489	\$ -	\$ 326,353	\$ 341,572	\$ -
-	1,227	-	-	6,729	-	-
-	-	-	-	-	-	1,395,096
<u>\$ 234,614</u>	<u>\$ 21,967</u>	<u>\$ 15,489</u>	<u>\$ -</u>	<u>\$ 333,082</u>	<u>\$ 341,572</u>	<u>\$ 1,395,096</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,054
-	-	-	-	-	-	-
-	-	-	-	-	-	62,054
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	333,082	-	1,333,042
-	-	-	-	-	-	-
-	-	-	-	-	-	-
234,614	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,967	-	-	-	-	-
-	-	-	-	-	341,572	-
-	-	15,489	-	-	-	-
<u>234,614</u>	<u>21,967</u>	<u>15,489</u>	<u>-</u>	<u>333,082</u>	<u>341,572</u>	<u>1,333,042</u>
<u>\$ 234,614</u>	<u>\$ 21,967</u>	<u>\$ 15,489</u>	<u>\$ -</u>	<u>\$ 333,082</u>	<u>\$ 341,572</u>	<u>\$ 1,395,096</u>

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# City of Mount Pleasant, Texas

## COMBINING BALANCE SHEET (Continued)

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2021

	Construction Bond	Capital Replacement	Booker T. Washington	Library Grants	Total Nonmajor Governmental
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 287,923	\$ 165,662	\$ 2,143	\$ 1	\$ 1,959,177
Receivables, net	-	-	-	-	76,626
Restricted cash	-	-	-	-	1,512,616
<b>Total Assets</b>	<b>\$ 287,923</b>	<b>\$ 165,662</b>	<b>\$ 2,143</b>	<b>\$ 1</b>	<b>\$ 3,548,419</b>
<b><u>Liabilities</u></b>					
Accounts payable	\$ 9,990	\$ -	\$ -	\$ -	\$ 208,807
Due to other funds	-	-	-	-	250,000
<b>Total Liabilities</b>	<b>9,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458,807</b>
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable revenue - prop. taxes	-	-	-	-	7,190
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,190</b>
<b><u>Fund Balances</u></b>					
Restricted for:					
Community improvements	-	-	-	-	1,666,124
Capital replacements	-	165,662	-	-	165,662
Capital projects	277,933	-	-	-	277,933
Hotel/motel/civic center	-	-	-	-	287,291
Development	-	-	-	-	234,614
Cemetery	-	-	-	-	230
Debt Service	-	-	-	-	2,956
Public safety	-	-	-	-	66,440
Assigned to:					
Public safety	-	-	-	-	21,967
Community improvements	-	-	-	-	341,572
Library	-	-	2,143	1	17,633
<b>Total Fund Balances</b>	<b>277,933</b>	<b>165,662</b>	<b>2,143</b>	<b>1</b>	<b>3,082,422</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 287,923</b>	<b>\$ 165,662</b>	<b>\$ 2,143</b>	<b>\$ 1</b>	<b>\$ 3,548,419</b>

# City of Mount Pleasant, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	<u>Debt Service</u>	<u>Hotel/Motel Civic Center Occupancy</u>	<u>Cemetery</u>	<u>Police Seizure</u>
<b><u>Revenues</u></b>				
Taxes:				
Property	\$ 795,388	\$ -	\$ 32,015	\$ -
Hotel	-	665,886	-	-
Utility franchise fees	-	-	-	-
Donations	-	5,400	-	-
Investment income	2,187	-	-	565
Intergovernmental revenue	-	-	-	-
Other revenue	-	29,375	-	16,277
<b>Total Revenues</b>	<u>797,575</u>	<u>700,661</u>	<u>32,015</u>	<u>16,842</u>
<b><u>Expenditures</u></b>				
General government	-	914,560	64,716	-
Public safety	-	-	-	3,956
Culture and recreation	-	-	-	-
Capital outlay	-	-	41,141	-
Debt service:				
Principal	390,253	-	-	-
Interest and fiscal charges	446,290	-	-	-
<b>Total Expenditures</b>	<u>836,543</u>	<u>914,560</u>	<u>105,857</u>	<u>3,956</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(38,968)</u>	<u>(213,899)</u>	<u>(73,842)</u>	<u>12,886</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	480,000	46,345	-
Transfers (out)	-	(1,605)	-	-
Proceeds from sale of assets	-	-	19,100	19,275
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>478,395</u>	<u>65,445</u>	<u>19,275</u>
<b>Net Change in Fund Balances</b>	<u>(38,968)</u>	<u>264,496</u>	<u>(8,397)</u>	<u>32,161</u>
Beginning fund balances	41,924	22,795	8,627	34,279
<b>Ending Fund Balances</b>	<u>\$ 2,956</u>	<u>\$ 287,291</u>	<u>\$ 230</u>	<u>\$ 66,440</u>



<u>Rural Development</u>	<u>Police</u>	<u>Library</u>	<u>Fireman's Relief Fund</u>	<u>PEG Funds</u>	<u>Community Improvements</u>	<u>Park Improvements</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	26,409	-	-
-	-	5,404	-	-	-	-
148	6	-	-	213	-	338
-	12,989	-	-	-	-	1,400,000
-	175	-	-	-	-	-
<u>148</u>	<u>13,170</u>	<u>5,404</u>	<u>-</u>	<u>26,622</u>	<u>-</u>	<u>1,400,338</u>
-	-	-	-	8,000	-	-
-	26,794	-	500	-	-	-
-	-	1,881	-	-	-	167,296
-	-	1,587	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>26,794</u>	<u>3,468</u>	<u>500</u>	<u>8,000</u>	<u>-</u>	<u>167,296</u>
<u>148</u>	<u>(13,624)</u>	<u>1,936</u>	<u>(500)</u>	<u>18,622</u>	<u>-</u>	<u>1,233,042</u>
-	35,475	-	500	-	-	100,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>35,475</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
148	21,851	1,936	-	18,622	-	1,333,042
234,466	116	13,553	-	314,460	341,572	-
<u>\$ 234,614</u>	<u>\$ 21,967</u>	<u>\$ 15,489</u>	<u>\$ -</u>	<u>\$ 333,082</u>	<u>\$ 341,572</u>	<u>\$ 1,333,042</u>

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**City of Mount Pleasant, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

	<u>Construction Bond</u>	<u>Capital Replacement</u>	<u>Booker T. Washington</u>	<u>Library Grants</u>	<u>Total Nonmajor Governmental</u>
<b>Revenues</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ 827,403
Hotel	-	-	-	-	665,886
Utility franchise fees	-	-	-	-	26,409
Donations	-	-	2,143	-	12,947
Investment income	776	-	-	-	4,233
Intergovernmental revenue	111,328	-	-	-	1,524,317
Other revenue	-	-	-	15,000	60,827
<b>Total Revenues</b>	<u>112,104</u>	<u>-</u>	<u>2,143</u>	<u>15,000</u>	<u>3,122,022</u>
<b>Expenditures</b>					
General government	-	-	-	14,999	1,002,275
Public safety	-	-	-	-	31,250
Culture and recreation	-	-	-	-	169,177
Capital outlay	489,747	163,595	-	-	696,070
Debt service:					
Principal	-	-	-	-	390,253
Interest and fiscal charges	-	-	-	-	446,290
<b>Total Expenditures</b>	<u>489,747</u>	<u>163,595</u>	<u>-</u>	<u>14,999</u>	<u>2,735,315</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(377,643)</u>	<u>(163,595)</u>	<u>2,143</u>	<u>1</u>	<u>386,707</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	497,847	-	-	1,160,167
Transfers (out)	-	(35,128)	-	-	(36,733)
Proceeds from sale of assets	-	139,290	-	-	177,665
<b>Total Other Financing     Sources (Uses)</b>	<u>-</u>	<u>602,009</u>	<u>-</u>	<u>-</u>	<u>1,301,099</u>
<b>Net Change in Fund Balances</b>	<u>(377,643)</u>	<u>438,414</u>	<u>2,143</u>	<u>1</u>	<u>1,687,806</u>
Beginning fund balances	655,576	(272,752)	-	-	1,394,616
<b>Ending Fund Balances</b>	<u>\$ 277,933</u>	<u>\$ 165,662</u>	<u>\$ 2,143</u>	<u>\$ 1</u>	<u>\$ 3,082,422</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Franchise tax	\$ 1,200,000	\$ 1,210,000	\$ 1,297,726	\$ 87,726
Investment income	45,000	1,500	1,385	(115)
Royalties	520,000	1,876,435	-	(1,876,435)
Other revenues	5,000	-	-	-
<b>Total Revenues</b>	<u>1,770,000</u>	<u>3,087,935</u>	<u>1,299,111</u>	<u>(1,788,824)</u>
<b>Expenditures</b>				
Current:				
Public works	990,935	1,370,272	1,365,160	5,112
Debt service:				
Principal	350,000	350,000	350,000	-
Interest and fiscal charges	103,615	103,615	103,613	2
Capital outlay	575,450	1,134,048	619,181	514,867
<b>Total Expenditures</b>	<u>2,020,000</u>	<u>2,957,935</u>	<u>2,437,954</u>	<u>519,981</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(250,000)</u>	<u>130,000</u>	<u>(1,138,843)</u>	<u>(1,268,843)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	350,000	350,000	350,000	-
Transfers (out)	(100,000)	(480,000)	(483,930)	(3,930) *
<b>Total Other Financing Sources (Uses)</b>	<u>250,000</u>	<u>(130,000)</u>	<u>(133,930)</u>	<u>(3,930)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,272,773)</u>	<u>\$ (1,272,773)</u>
Beginning fund balance			2,989,852	
<b>Ending Fund Balance</b>			<u>\$ 1,717,079</u>	

Notes to Other 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**  
**CONSTRUCTION BOND FUND**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Investment income	\$ -	\$ -	\$ 776	\$ 776
Intergovernmental revenue	-	-	111,328	111,328
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>112,104</u>	<u>112,104</u>
<b><u>Expenditures</u></b>				
Capital outlay	-	1,116,306	489,747	626,559
<b>Total Expenditures</b>	<u>-</u>	<u>1,116,306</u>	<u>489,747</u>	<u>626,559</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(1,116,306)</u>	<u>(377,643)</u>	<u>738,663</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (1,116,306)</u>	<u>(377,643)</u>	<u>\$ 738,663</u>
Beginning fund balance			655,576	
<b>Ending Fund Balance</b>			<u>\$ 277,933</u>	

Notes to Other 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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Taxes:				
Property	\$ 793,600	\$ 793,600	\$ 795,388	\$ 1,788
Investment income	400	400	2,187	1,787
<b>Total Revenues</b>	<u>794,000</u>	<u>794,000</u>	<u>797,575</u>	<u>3,575</u>
<b><u>Expenditures</u></b>				
Debt service:				
Principal	357,100	357,100	390,253	(33,153)
Interest and fiscal charges	436,900	436,900	446,290	(9,390)
<b>Total Expenditures</b>	<u>794,000</u>	<u>794,000</u>	<u>836,543</u>	<u>(42,543) *</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>(38,968)</u>	<u>(38,968)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(38,968)</u>	<u>\$ (38,968)</u>
Beginning fund balance			41,924	
<b>Ending Fund Balance</b>			<u>\$ 2,956</u>	

Notes to Other 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**  
**HOTEL/MOTEL/CIVIC CENTER FUND**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Taxes:				
Hotel	\$ 545,000	\$ 556,500	\$ 665,886	\$ 109,386
Donations	-	-	5,400	5,400
Investment income	3,000	-	-	-
Other revenues	47,000	25,000	29,375	4,375
<b>Total Revenues</b>	<u>595,000</u>	<u>581,500</u>	<u>700,661</u>	<u>119,161</u>
<b><u>Expenditures</u></b>				
Current:				
General government	695,000	1,071,800	914,560	157,240
<b>Total Expenditures</b>	<u>695,000</u>	<u>1,071,800</u>	<u>914,560</u>	<u>157,240</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(100,000)</u>	<u>(490,300)</u>	<u>(213,899)</u>	<u>276,401</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	100,000	440,000	480,000	40,000
Transfers (out)	-	-	(1,605)	(1,605) *
<b>Total Other Financing Sources (Uses)</b>	<u>100,000</u>	<u>440,000</u>	<u>478,395</u>	<u>38,395</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (50,300)</u>	264,496	<u>\$ 314,796</u>
Beginning fund balance			22,795	
<b>Ending Fund Balance</b>			<u>\$ 287,291</u>	

Notes to Other 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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Taxes:				
Property	\$ 32,800	\$ 40,875	\$ 32,015	\$ (8,860)
Other revenues	200	48,025	-	(48,025)
<b>Total Revenues</b>	<u>33,000</u>	<u>88,900</u>	<u>32,015</u>	<u>(56,885)</u>
<b><u>Expenditures</u></b>				
Current:				
General government	44,600	62,900	64,716	(1,816)
Capital outlay	-	50,000	41,141	8,859
<b>Total Expenditures</b>	<u>44,600</u>	<u>112,900</u>	<u>105,857</u>	<u>7,043</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(11,600)</u>	<u>(24,000)</u>	<u>(73,842)</u>	<u>(49,842)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	48,025	46,345	(1,680)
Proceeds from sale of assets	11,600	24,000	19,100	(4,900)
<b>Total Other Financing Sources (Uses)</b>	<u>11,600</u>	<u>72,025</u>	<u>65,445</u>	<u>(6,580)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 48,025</u>	<u>(8,397)</u>	<u>\$ (56,422)</u>
Beginning fund balance			8,627	
<b>Ending Fund Balance</b>			<u>\$ 230</u>	

Notes to Other 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**  
**POLICE SEIZURES FUND**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Investment income	\$ 1,600	\$ 1,635	\$ 565	\$ (1,070)
Other revenues	10,100	10,100	16,277	6,177
<b>Total Revenues</b>	<u>11,700</u>	<u>11,735</u>	<u>16,842</u>	<u>5,107</u>
<b><u>Expenditures</u></b>				
Current:				
Public safety	26,700	62,897	3,956	58,941
<b>Total Expenditures</b>	<u>26,700</u>	<u>62,897</u>	<u>3,956</u>	<u>58,941</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(15,000)</u>	<u>(51,162)</u>	<u>12,886</u>	<u>64,048</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	1,882	-	(1,882)
Sale of capital assets	15,000	15,000	19,275	4,275
<b>Total Other Financing Sources (Uses)</b>	<u>15,000</u>	<u>16,882</u>	<u>19,275</u>	<u>2,393</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (34,280)</u>	32,161	<u>\$ 66,441</u>
Beginning fund balance			<u>34,279</u>	
<b>Ending Fund Balance</b>			<u>\$ 66,440</u>	

Notes to Other 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**  
**RURAL DEVELOPMENT FUND**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Investment income	\$ 3,500	\$ 3,500	\$ 148	\$ (3,352)
<b>Total Revenues</b>	<u>3,500</u>	<u>3,500</u>	<u>148</u>	<u>(3,352)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 3,500</u>	<u>\$ 3,500</u>	148	<u>\$ (3,352)</u>
Beginning fund balance			<u>234,466</u>	
<b>Ending Fund Balance</b>			<u>\$ 234,614</u>	

Notes to Other 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**  
**POLICE FUND**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>				
Intergovernmental	\$ 51,500	\$ 51,500	\$ 12,989	\$ (38,511)
Investment income	-	40	6	(34)
Other revenues	1,800	1,800	175	(1,625)
<b>Total Revenues</b>	<u>53,300</u>	<u>53,340</u>	<u>13,170</u>	<u>(40,170)</u>
<b><u>Expenditures</u></b>				
Current:				
Public safety	12,295	44,657	26,794	17,863
<b>Total Expenditures</b>	<u>12,295</u>	<u>44,657</u>	<u>26,794</u>	<u>17,863</u>
<b>Revenues Over (Under) Expenditures</b>	<u>41,005</u>	<u>8,683</u>	<u>(13,624)</u>	<u>(22,307)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	-	35,475	35,475
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>35,475</u>	<u>35,475</u>
<b>Net Change in Fund Balance</b>	<u>\$ 41,005</u>	<u>\$ 8,683</u>	21,851	<u>\$ 13,168</u>
Beginning fund balance			116	
<b>Ending Fund Balance</b>			<u>\$ 21,967</u>	

Notes to Other 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**  
**LIBRARY FUND**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Donations	\$ 4,000	\$ 4,000	\$ 5,404	\$ 1,404
<b>Total Revenues</b>	<u>4,000</u>	<u>4,000</u>	<u>5,404</u>	<u>1,404</u>
<b><u>Expenditures</u></b>				
Current:				
Culture and recreation	2,000	4,500	1,881	2,619
Capital outlay	2,000	4,500	1,587	2,913
<b>Total Expenditures</b>	<u>4,000</u>	<u>9,000</u>	<u>3,468</u>	<u>5,532</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(5,000)</u>	<u>1,936</u>	<u>6,936</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (5,000)</u>	1,936	<u>\$ 6,936</u>
Beginning fund balance			13,553	
<b>Ending Fund Balance</b>			<u>\$ 15,489</u>	

Notes to Other 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**  
**PEG FUND**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Franchise fees	\$ 27,800	\$ 27,800	\$ 26,409	\$ (1,391)
Investment income	2,400	2,400	213	(2,187)
Other revenues	294,865	294,865	-	(294,865)
<b>Total Revenues</b>	<u>325,065</u>	<u>325,065</u>	<u>26,622</u>	<u>(298,443)</u>
<b><u>Expenditures</u></b>				
Current:				
General government	325,065	325,065	8,000	317,065
<b>Total Expenditures</b>	<u>325,065</u>	<u>325,065</u>	<u>8,000</u>	<u>317,065</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>18,622</u>	<u>18,622</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>18,622</u>	<u>\$ 18,622</u>
Beginning fund balance			<u>314,460</u>	
<b>Ending Fund Balance</b>			<u>\$ 333,082</u>	

Notes to Other 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, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Expenditures</u></b>				
Capital outlay	-	202,981	163,595	39,386
<b>Total Expenditures</b>	<b>-</b>	<b>202,981</b>	<b>163,595</b>	<b>39,386</b>
<b><u>Revenues Over (Under) Expenditures</u></b>				
	-	(202,981)	(163,595)	39,386
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	497,846	497,847	1
Transfers (out)	-	-	(35,128)	(35,128) *
Proceeds from sale of assets	-	-	139,290	139,290
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>497,846</b>	<b>602,009</b>	<b>104,163</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 294,865</b>	<b>438,414</b>	<b>\$ 143,549</b>
Beginning fund balance			(272,752)	
<b>Ending Fund Balance</b>			<b>\$ 165,662</b>	

Notes to Other 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 RELIEF FUND**  
**For the Year Ended September 30, 2021**

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

Notes to Other 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**  
**PARK IMPROVEMENTS**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Intergovernmental	\$ -	\$ 1,500,000	\$ 1,400,000	\$ (100,000)
Investment income	-	-	338	338
<b>Total Revenues</b>	<u>-</u>	<u>1,500,000</u>	<u>1,400,338</u>	<u>(99,662)</u>
<b><u>Expenditures</u></b>				
Current:				
Culture and recreation	-	2,480,000	167,296	2,312,704
<b>Total Expenditures</b>	<u>-</u>	<u>2,480,000</u>	<u>167,296</u>	<u>2,312,704</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(980,000)</u>	<u>1,233,042</u>	<u>2,213,042</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	980,000	100,000	(880,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>980,000</u>	<u>100,000</u>	<u>(880,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,333,042</u>	<u>\$ 1,333,042</u>
Beginning fund balance			<u>-</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,333,042</u>	

Notes to Other 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**  
**LIBRARY GRANTS**  
**For the Year Ended September 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Other revenues	\$ -	\$ 15,000	\$ 15,000	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b><u>Expenditures</u></b>				
Current:				
General government	-	15,000	14,999	1
<b>Total Expenditures</b>	<u>-</u>	<u>15,000</u>	<u>14,999</u>	<u>1</u>
<b>Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1</u>	<u>\$ 1</u>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<u>\$ 1</u>	

Notes to Other Supplementary Information

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

**City of Mount Pleasant, Texas**  
**BALANCE SHEET**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**September 30, 2021**

		<b>Industrial Development District</b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$	4,645,615
Receivables, net		330,829
Building held for sale		377,861
<b>Total Assets</b>	<b>\$</b>	<b>5,354,305</b>
 <b><u>Liabilities</u></b>		
Accounts payable	\$	5,420
Accrued liabilities		7,358
<b>Total Liabilities</b>		<b>12,778</b>
 <b><u>Fund Balances</u></b>		
Restricted for:		
Economic development		5,341,527
<b>Total Fund Balance</b>		<b>5,341,527</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$</b>	<b>5,354,305</b>

# City of Mount Pleasant, Texas

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

September 30, 2021

<b>Fund Balance</b>	\$ 5,341,527
<b>Adjustments for the Statement of Net Position:</b>	
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	3,693,001
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	17,957
OPEB deferred outflows	3,383
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 deferred inflows	(371)
Pension deferred inflows	(14,632)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Net pension liability	(66,937)
OPEB liabilities	(19,159)
Compensated absences	(6,054)
<b>Net Position of the Discretely Presented Component Unit</b>	<b>\$ 10,576,871</b>

# City of Mount Pleasant, Texas

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

For the Year Ended September 30, 2021

		<u>Industrial Development District</u>
<b><u>Revenues</u></b>		
Sales tax	\$	1,941,914
Investment income		3,380
<b>Total Revenues</b>		<u>1,945,294</u>
 <b><u>Expenditures</u></b>		
Current:		
Economic Development		873,193
Debt Service:		
Principal		1,455,790
Interest and fiscal charges		53,105
<b>Total Expenditures</b>		<u>2,382,088</u>
<b>Total Revenues</b>		
<b>Over (Under) Expenditures</b>		(436,794)
<b>Net Change in Fund Balance</b>		(436,794)
Beginning fund balance		5,778,321
<b>Ending Fund Balance</b>	\$	<u><u>5,341,527</u></u>

**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, 2021**

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

Net changes in fund balance	\$	(436,794)
-----------------------------	----	-----------

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.

Depreciation expense		(172,194)
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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.

Pension expense		5,839
OPEB expense		(1,226)
Compensated absences		7,027

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		1,455,790
<b>Change in Net Position of the Discretely Presented Component Unit</b>	<b>\$</b>	<b><u>858,442</u></b>

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## ***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

	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net investment in				
capital assets	\$ 19,273,630	\$ 21,729,842	\$ 18,381,690	\$ 18,343,148
Restricted	542,873	1,476,577	851,230	1,553,240
Unrestricted	2,782,615	2,695,201	3,603,191	2,061,836
<b>Total Governmental Net Position</b>	<b>\$ 22,599,118</b>	<b>\$ 25,901,620</b>	<b>\$ 22,836,111</b>	<b>\$ 21,958,224</b>
<b>Business-type Activities</b>				
Net investment in				
capital assets	\$ 38,654,526	\$ 39,616,390	\$ 42,881,147	\$ 41,898,179
Restricted	1,374,923	2,027,783	1,927,757	2,125,320
Unrestricted	3,523,051	3,578,411	1,492,729	1,286,131
<b>Total Business-type Activities Net Position</b>	<b>\$ 43,552,500</b>	<b>\$ 45,222,584</b>	<b>\$ 46,301,633</b>	<b>\$ 45,309,630</b>
<b>Primary Government</b>				
Net investment in				
capital assets	\$ 57,928,156	\$ 61,346,232	\$ 61,262,837	\$ 60,241,327
Restricted	1,917,796	3,504,360	2,778,987	3,678,560
Unrestricted	6,305,666	6,273,612	5,095,920	3,347,967
<b>Total Primary Government Net Position</b>	<b>\$ 66,151,618</b>	<b>\$ 71,124,204</b>	<b>\$ 69,137,744</b>	<b>\$ 67,267,854</b>

Source: Annual Financial Report



<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 19,049,789	\$ 19,752,903	\$ 14,140,261	\$ 22,431,539	\$ 24,401,450	\$ 23,641,381
1,501,525	2,770,138	7,765,128	1,163,916	879,970	4,737,541
1,664,655	(2,138,823)	(559,188)	(1,227,968)	(1,458,742)	(1,644,713)
<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>	<u>\$ 26,734,209</u>
\$ 42,429,776	\$ 40,163,100	\$ 40,598,234	\$ 40,351,700	\$ 38,739,851	\$ 39,079,261
1,655,002	1,839,739	170,596	-	-	-
481,429	1,476,233	3,245,106	4,343,063	3,975,540	1,653,452
<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>	<u>\$ 40,732,713</u>
\$ 61,479,565	\$ 59,916,003	\$ 54,738,495	\$ 62,783,239	\$ 63,141,301	\$ 62,720,642
3,156,527	4,609,877	7,935,724	1,163,916	879,970	4,737,541
2,146,084	(662,590)	2,685,918	3,115,095	2,516,798	8,739
<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>	<u>\$ 67,466,922</u>

# City of Mount Pleasant, Texas

## CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 710,022	\$ 1,005,623	\$ 1,035,616	\$ 1,710,938
Public safety	5,454,951	5,949,251	5,918,178	5,883,502
Public Services	589,987	644,860	711,463	562,802
Parks and Recreation	636,896	635,751	699,388	648,588
Public works	2,027,932	1,986,283	5,366,980	1,740,343
Library	429,421	789,171	562,332	564,061
Interest and fiscal charges	191,196	193,767	278,887	277,200
Total governmental activities	<u>10,040,405</u>	<u>11,204,706</u>	<u>14,572,844</u>	<u>11,387,434</u>
Business-type activities:				
Water and Sewer	7,814,169	7,967,467	8,637,099	8,687,052
Airport Fund	1,417,079	1,448,971	1,426,482	1,392,013
Civic Center	335,127	390,400	501,263	527,404
Total business-type activities	<u>9,566,375</u>	<u>9,806,838</u>	<u>10,564,844</u>	<u>10,606,469</u>
Total primary government	<u>\$ 19,606,780</u>	<u>\$ 21,011,544</u>	<u>\$ 25,137,688</u>	<u>\$ 21,993,903</u>
Governmental activities:				
Charges for services				
General government	96,024	20,240	27,081	25,770
Public safety	742,336	640,974	851,275	1,007,322
Public Services	23,164	26,731	49,334	37,142
Public works	130,850	127,103	147,847	166,749
Parks and Recreation	56,012	54,941	50,167	54,339
Library	5,856	7,722	8,492	6,604
Operating grants/contributions	-	115,798	35,000	173,136
Capital grants/contributions	127,092	455,778	551,299	578,337
Total governmental activities	<u>1,181,334</u>	<u>1,449,287</u>	<u>1,720,495</u>	<u>2,049,399</u>
Business-type activities:				
Charges for services:				
Water and sewer	11,352,828	11,137,004	9,838,779	10,004,701
Airport	890,522	1,033,470	968,808	898,846
Civic center	69,904	97,670	102,401	79,515
Operating grants and contributions	6,799	2,497	15,432	22,336
Capital grants and contributions	259,637	670,989	1,264,583	-
Total business-type activities	<u>12,579,690</u>	<u>12,941,630</u>	<u>12,190,003</u>	<u>11,005,398</u>
Total primary government	<u>\$ 6,935,543</u>	<u>\$ 7,756,791</u>	<u>\$ 7,275,540</u>	<u>\$ 13,054,797</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (6,077,591)	\$ (5,094,421)	\$ (5,364,255)	\$ (9,338,035)
Business-type activities	1,216,418	1,147,806	257,503	398,929
Total primary government	<u>\$ (4,861,173)</u>	<u>\$ (3,946,615)</u>	<u>\$ (5,106,752)</u>	<u>\$ (8,939,106)</u>

2016	2017	2018	2019	2020	2021
\$ 2,008,181	\$ 2,327,564	\$ 3,013,630	\$ 1,653,454	\$ 2,447,119	\$ 3,401,920
6,540,258	7,159,767	8,408,833	9,598,062	9,349,911	9,156,779
621,795	704,173	804,786	344,203	160,859	-
690,461	701,994	847,436	1,505,577	1,610,785	1,916,968
1,826,322	1,762,260	1,960,212	1,724,711	2,429,084	2,844,387
611,154	668,071	-	-	-	-
259,199	278,863	573,410	490,322	567,594	431,244
12,557,370	13,602,692	15,608,307	15,316,329	16,565,352	17,751,298
9,057,408	9,534,141	9,544,722	9,580,684	10,769,947	13,265,870
1,275,439	1,284,235	1,410,670	1,416,507	1,294,688	1,347,529
524,076	507,477	470,543	453,072	-	-
10,856,923	11,325,853	11,425,935	11,450,263	12,064,635	14,613,399
\$ 23,414,293	\$ 24,928,545	\$ 27,034,242	\$ 26,766,592	\$ 28,629,987	\$ 32,364,697
25,078	26,992	-	1,226,820	1,287,558	1,366,827
977,419	1,369,290	1,455,719	902,940	635,225	678,302
36,498	42,754	63,644	-	-	-
143,165	177,241	-	-	-	-
57,559	47,675	162,361	-	-	-
4,286	4,620	-	-	-	-
-	-	1,142,032	157,192	265,806	2,785,189
691,059	757,224	-	432,210	761,462	1,400,000
1,935,064	2,425,796	2,823,756	2,719,162	2,950,051	6,230,318
9,776,518	10,353,769	11,345,594	11,707,347	11,409,873	12,240,416
897,508	840,575	805,365	839,524	755,627	797,561
88,981	89,430	123,628	73,759	-	-
27,612	7,506	26,972	-	-	259,500
-	-	-	-	-	-
10,790,619	11,291,280	12,301,559	12,620,630	12,165,500	13,297,477
\$ 12,725,683	\$ 13,717,076	\$ 15,125,315	\$ 15,339,792	\$ 15,115,551	\$ 19,527,795
\$ (10,622,306)	\$ (11,176,896)	\$ (12,784,551)	\$ (12,597,167)	\$ (13,615,301)	\$ (11,520,980)
(66,304)	(34,573)	875,624	1,170,367	100,865	(1,315,922)
\$ (10,688,610)	\$ (11,211,469)	\$ (11,908,927)	\$ (11,426,800)	\$ (13,514,436)	\$ (12,836,902)

# City of Mount Pleasant, Texas

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	2012	2013	2014	2015
<b>General Revenues</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,534,546	\$ 2,521,965	\$ 2,825,580	\$ 2,960,832
Sales tax	3,439,300	3,506,284	3,751,025	3,926,335
Non-Property taxes	572,785	520,940	574,896	568,608
Franchise and other taxes	1,231,092	1,229,627	1,269,554	1,255,336
Investment Income	10,738	22,489	8,892	8,286
Royalties	170,200	128,022	137,542	157,458
Other income	407,160	-	-	-
Gain (loss) on sale of assets	379,497	382,347	380,154	388,322
Special items	-	-	-	-
Transfers, net	488,437	843,608	839,197	650,975
Total governmental activities	<u>9,233,755</u>	<u>9,155,282</u>	<u>9,786,840</u>	<u>9,916,152</u>
Business-type activities:				
Investment Income	19,112	13,394	8,058	6,514
Miscellaneous	54,636	77,738	285,030	145,916
Intragovernmental Revenue	-	-	-	-
Transfers	(488,437)	(843,608)	(839,197)	(650,975)
Total business-type activities	<u>(414,689)</u>	<u>(752,476)</u>	<u>(546,109)</u>	<u>(498,545)</u>
Total primary government	<u>\$ 8,819,066</u>	<u>\$ 8,402,806</u>	<u>\$ 9,240,731</u>	<u>\$ 9,417,607</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 3,156,164	\$ 4,060,861	\$ 4,422,585	\$ 578,117
Business-type activities	801,729	395,330	(288,606)	(99,616)
Total primary government	<u>\$ 3,957,893</u>	<u>\$ 4,456,191</u>	<u>\$ 4,133,979</u>	<u>\$ 478,501</u>

Source: Annual Financial Report

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 3,074,506	\$ 3,058,493	\$ 3,258,505	\$ 3,803,341	\$ 4,108,990	\$ 4,206,268
4,302,977	4,386,891	4,564,492	4,764,917	5,654,458	5,834,265
583,520	564,708	556,741	559,262	-	-
1,179,533	1,164,889	1,226,097	1,183,180	1,776,649	2,119,057
34,226	80,535	262,404	298,847	119,081	24,211
572,289	114,768	545,064	982,394	701,295	758,028
-	-	-	-	485,690	410,709
376,883	536,862	547,225	395,626	-	-
-	-	21,575	-	-	-
756,116	848,173	969,895	1,259,691	2,224,329	1,079,973
<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>	<u>14,432,511</u>
22,617	41,094	64,522	103,711	46,255	28,894
56,380	291,889	164,635	124,529	97,837	384,323
-	-	14,925	-	-	-
<u>(756,116)</u>	<u>(848,173)</u>	<u>(969,895)</u>	<u>(1,258,766)</u>	<u>(2,224,329)</u>	<u>(1,079,973)</u>
<u>(677,119)</u>	<u>(515,190)</u>	<u>(725,813)</u>	<u>(1,030,526)</u>	<u>(2,080,237)</u>	<u>(666,756)</u>
<u>\$ 10,202,931</u>	<u>\$ 10,240,129</u>	<u>\$ 11,226,185</u>	<u>\$ 12,216,732</u>	<u>\$ 12,990,255</u>	<u>\$ 13,765,755</u>
\$ 257,744	\$ (421,577)	\$ (832,553)	\$ 650,091	\$ 1,455,191	\$ 2,911,531
(743,423)	(549,763)	149,811	139,841	(1,979,372)	(1,982,678)
<u>\$ (485,679)</u>	<u>\$ (971,340)</u>	<u>\$ (682,742)</u>	<u>\$ 789,932</u>	<u>\$ (524,181)</u>	<u>\$ 928,853</u>

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

**Table 3**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund:				
Nonspendable	\$ 20,233	\$ 15,241	\$ 7,202	\$ 23,253
Committed	-	-	-	16,551
Restricted	139,736	973,559	284,273	946,711
Assigned	-	-	-	-
Unassigned	2,323,844	1,427,882	2,164,685	1,928,156
Total general fund	<u>\$ 2,398,274</u>	<u>\$ 2,569,833</u>	<u>\$ 2,564,978</u>	<u>\$ 2,914,671</u>
All other governmental funds:				
Restricted	\$ 403,137	\$ 7,670,296	\$ 2,688,170	\$ 517,123
Assigned	3,781,928	3,285,854	3,655,976	5,658,959
Unassigned	(53,431)	(106,717)	(134,924)	(130,886)
Total all other governmental funds	<u>\$ 5,660,374</u>	<u>\$ 6,798,415</u>	<u>\$ 6,209,222</u>	<u>\$ 6,045,196</u>

Source: Annual Financial Report

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 6,161	\$ 9,117	\$ 15,215	\$ 17,653	\$ 2,900	\$ -
19,252	23,816	23,231	-	-	-
935,860	989,632	185,934	471,762	216,229	2,194,763
-	-	-	16,742	16,742	25,916
2,048,570	1,763,186	2,399,531		2,700,578	1,901,191
<u>\$ 3,009,843</u>	<u>\$ 2,785,751</u>	<u>\$ 2,623,911</u>	<u>\$ 506,157</u>	<u>\$ 2,936,449</u>	<u>\$ 4,121,870</u>
\$ 474,621	\$ 503,175	\$ 7,579,194	\$ 597,807	\$ 599,477	\$ 2,701,250
5,120,689	3,458,766	3,079,878	390,896	355,125	2,098,251
(118,641)	(131,511)	30,244	-	(272,752)	-
<u>\$ 5,476,669</u>	<u>\$ 3,830,430</u>	<u>\$ 10,689,316</u>	<u>\$ 988,703</u>	<u>\$ 681,850</u>	<u>\$ 4,799,501</u>

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

**Table 4**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>				
Property taxes	\$ 2,549,057	\$ 2,634,672	\$ 2,745,472	\$ 2,960,832
Non-Property taxes	572,785	520,940	574,896	568,608
Sales tax	3,439,300	3,506,284	3,751,025	3,926,335
Franchise and local taxes	1,231,092	1,249,867	1,296,635	1,281,106
Fines and Forfeitures	748,191	648,697	752,660	890,505
Licenses and Permits	58,924	55,023	74,102	94,035
Charge for Services	151,102	153,752	173,247	164,194
Intergovernmental revenues-local & state	114,148	374,681	476,189	662,968
Grants	-	68,160	35,222	47,730
Donations	12,944	12,937	39,888	40,775
Contractual Income	407,160	-	-	-
Royalties	379,497	382,347	380,154	388,322
Investment Income	10,738	22,489	8,892	8,286
Miscellaneous	218,758	128,020	182,215	280,880
<b>Total Revenues</b>	<u>9,893,696</u>	<u>9,757,869</u>	<u>10,490,597</u>	<u>11,314,576</u>
<b>Expenditures</b>				
General government	819,678	935,336	951,490	1,023,895
Public safety	5,121,102	5,430,193	5,682,460	5,818,590
Public Works	1,291,359	1,201,706	4,803,732	1,243,239
Public Services and Operations	589,987	632,170	686,206	574,836
Parks and Recreation	570,019	562,024	596,964	621,345
Library	289,086	301,417	313,559	328,002
Capital Outlay	3,734,979	1,750,310	2,243,319	1,490,095
Debt service				
Principal	80,000	240,000	410,000	434,121
Interest	191,196	257,064	312,713	277,200
Bond issuance costs	-	-	-	-
<b>Total Expenditures</b>	<u>12,687,406</u>	<u>11,310,220</u>	<u>16,000,443</u>	<u>11,811,323</u>
<b>Revenues over (under) expenditures</b>	(2,793,710)	(1,552,351)	(5,509,846)	(496,747)
<b>Other Financing Sources (Uses)</b>				
Transfers, net	488,437	843,608	839,197	650,976
Debt Proceeds	-	7,160,000	-	-
Payment to escrow agent	-	-	-	-
Debt Issuance Costs	-	-	-	28,127
Proceeds from sale of Assets	265,009	195,211	69,917	112,129
<b>Total other financing sources</b>	<u>753,446</u>	<u>8,198,819</u>	<u>909,114</u>	<u>791,232</u>
<b>Net Change in Fund Balances</b>	<u>\$ (2,040,264)</u>	<u>\$ 6,646,468</u>	<u>\$ (4,600,732)</u>	<u>\$ 294,485</u>
Ratio of total debt service expenditures to noncapital expenditures	3.03%	5.20%	5.25%	6.89%

Source: Annual Financial Report



	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	3,098,745	\$ 3,092,727	\$ 3,258,505	\$ 3,791,902	\$ 4,108,990	\$ 4,206,268
	583,520	564,708	556,741	-	-	-
	4,302,977	4,386,891	4,564,492	4,764,917	5,152,451	5,834,265
	1,204,611	1,191,881	1,226,097	1,183,180	2,278,656	2,119,057
	959,116	1,332,587	1,455,719	902,940	635,225	678,302
	68,674	102,397	63,644	76,210	206,254	235,768
	168,547	165,273	162,361	1,150,610	1,081,304	1,131,059
	610,427	693,436	1,067,447	157,192	1,459,478	4,185,189
	41,381	46,289	-	-	-	-
	39,250	17,499	74,585	-	-	-
	-	-	-	-	-	-
	376,883	536,862	547,225	982,394	701,295	758,028
	34,227	80,535	262,404	298,847	119,081	24,211
	618,555	123,081	545,066	383,626	454,524	228,544
	<u>12,106,913</u>	<u>12,334,166</u>	<u>13,784,286</u>	<u>13,691,818</u>	<u>16,197,258</u>	<u>19,400,691</u>
	1,125,153	1,011,680	1,112,784	1,527,460	2,514,329	3,198,690
	6,621,607	7,365,738	7,947,088	8,978,987	8,865,060	8,900,566
	1,306,901	1,229,536	1,285,060	1,203,105	1,476,769	1,408,225
	684,779	740,021	785,824	299,245	131,517	-
	693,048	685,938	778,350	872,699	994,606	1,720,194
	320,013	389,364	412,658	393,873	421,307	446,887
	1,938,566	2,961,404	4,165,361	4,895,511	4,511,990	2,151,747
	467,363	481,739	501,739	552,178	741,166	740,253
	259,200	279,487	440,439	689,144	567,947	549,903
	-	-	-	-	106,502	-
	<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>	<u>19,116,465</u>
	(1,309,717)	(2,810,741)	(3,645,017)	(5,720,384)	(4,133,935)	284,226
	827,313	912,923	969,895	1,259,691	1,425,595	1,079,973
	-	-	8,440,000	-	3,322,054	54,090
	-	-	-	-	(3,215,951)	-
	-	-	764,930	-	36,189	-
	9,049	27,487	21,575	12,000	305,381	182,165
	<u>836,362</u>	<u>940,410</u>	<u>10,196,400</u>	<u>1,271,691</u>	<u>1,873,268</u>	<u>1,316,228</u>
\$	<u>(473,355)</u>	<u>\$ (1,870,331)</u>	<u>\$ 6,551,383</u>	<u>\$ (4,448,693)</u>	<u>\$ (2,260,667)</u>	<u>\$ 1,600,454</u>
	6.33%	6.25%	7.10%	8.55%	8.28%	7.60%

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# 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
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
2021	1,153,739,369	341,154,143	322,369,643	1,172,523,869	0.3620

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

	2012	2013	2014	2015
<b>Direct Rates:</b>				
City of Mount Pleasant - Operating	0.2886	0.3143	0.3139	0.3138
City of Mount Pleasant - Debt Service	0.0279	0.0290	0.0298	0.0299
<b>Total Direct Rate</b>	0.3165	0.3433	0.3437	0.3437
 <b>Overlapping Rates:</b>				
Mount Pleasant ISD	1.2030	1.2030	1.2120	1.2120
Titus County	0.3999	0.4152	0.4182	0.4475
<b>Total Direct and Overlapping Rates</b>	1.9194	1.9615	1.9739	2.0032

Tax rates per \$100 of assessed valuation.

Source: Titus County Appraisal District

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.3411	0.3140	0.3135	0.3016	0.2980	0.2922
0.0026	0.0297	0.0577	0.0696	0.0698	0.0698
<u>0.3437</u>	<u>0.3437</u>	<u>0.3712</u>	<u>0.3712</u>	<u>0.3678</u>	<u>0.3620</u>
1.2120	1.2390	1.2180	1.3400	1.2917	1.2590
0.4584	0.4790	0.5085	0.4742	0.4679	0.4669
<u>2.0141</u>	<u>2.0617</u>	<u>2.0977</u>	<u>2.1854</u>	<u>2.1274</u>	<u>2.0879</u>

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# City of Mount Pleasant, Texas

## PRINCIPAL PROPERTY TAXPAYERS

Current Year

Table 7

Property Tax Payer	Type of Business	2021		
		Taxable Assessed Value	Rank	% of Taxable Assessed Value
Pilgrims	Food Packaging/Processing	\$ 69,245,740	1	6.27%
Priefert Manufacturing Co.	Industrial Manufacturing	52,409,650	2	4.75%
Newly Weds Foods Inc.	Food Packaging/Processing	23,170,833	3	2.10%
Angell Realty VI	Food Packaging/Processing	13,801,900	4	1.25%
Trans Texas Tire LLC	Car Repairs	13,604,710	5	1.23%
Diamond C Trailers	Industrial Manufacturing	12,000,613	6	1.09%
Southwestern Electric Power Co.	Electric Utility Power Plant	11,931,670	7	1.08%
Pilgrims Buildings	Commercial Building	11,540,790	8	1.05%
Wal-Mart Real Estate Business Trust	Retail Store	9,038,250	9	0.82%
Cypress Creek LLC	Residential - Apartments	7,284,767	10	0.66%
<b>Total</b>		\$ 224,028,923		20.29%
Total Assessed Valuation		\$ 1,104,258,714		100.00%

Source: Titus County Appraisal District

<sup>1</sup> 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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Tax levy	\$ 2,558,141	\$ 2,803,218	\$ 2,922,725	\$ 3,029,813
Current tax collected	\$ 2,469,374	\$ 2,656,610	\$ 2,793,248	\$ 2,942,251
Percent of current tax collections	96.53%	94.77%	95.57%	97.11%
Delinquent tax collections	\$ 86,218	\$ 143,505	\$ 124,526	\$ 81,075
Total tax collections	\$ 2,555,592	\$ 2,800,115	\$ 2,917,774	\$ 3,023,326
Total collections as a percentage of levy	99.90%	99.89%	99.83%	99.79%

Source: Titus County Tax Office



<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 3,029,813	\$ 3,119,366	\$ 3,194,376	\$ 3,768,852	\$ 4,086,217	\$ 4,117,800
\$ 3,013,755	\$ 3,065,713	\$ 3,142,308	\$ 3,700,636	\$ 4,000,406	\$ 4,058,400
99.47%	98.28%	98.37%	98.19%	97.90%	98.56%
\$ 7,982	\$ 40,460	\$ 39,173	\$ 45,078	\$ 45,057	\$ -
\$ 3,021,737	\$ 3,106,173	\$ 3,181,481	\$ 3,745,714	\$ 4,045,463	\$ 4,058,400
99.73%	99.58%	99.60%	99.39%	99.00%	98.56%

# City of Mount Pleasant, Texas

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

Table 9

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Governmental activities:</b>				
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -
Certificates of Obligation	4,305,000	11,303,617	10,887,111	10,448,100
Premiums	-	-	-	-
Capital Leases	-	-	-	-
<b>Business-type activities:</b>				
General Obligation Bonds	-	-	-	-
Certificates of Obligation	-	-	-	-
Premiums	-	-	-	-
Discounts	-	-	-	-
Capital Leases	-	-	-	-
Contract Revenue Bonds	30,685,490	29,528,277	28,346,064	27,144,548
<b>Total primary government</b>	<u><u>\$ 34,990,490</u></u>	<u><u>\$ 40,831,894</u></u>	<u><u>\$ 39,233,175</u></u>	<u><u>\$ 37,592,648</u></u>

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

Source: Annual Financial Report

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,870,000	\$ 2,685,000
9,986,344	9,509,488	17,365,000	16,825,000	12,955,000	12,440,000
-	-	-	701,569	1,039,917	916,027
-	-	-	11,166	305,381	319,218
-	3,020,859	2,410,000	1,735,000	1,465,000	1,205,000
-	-	-	-	3,985,000	59,545,000
-	-	-	-	149,980	2,308,846
-	-	-	(45,999)	(39,428)	(32,858)
-	-	-	11,165	-	-
25,913,032	21,625,000	20,975,000	20,305,000	19,180,000	18,035,000
<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>	<u>\$ 97,421,233</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>NET TAXABLE ASSESSED VALUE (2)</b>				
All property	\$ 808,259,242	\$ 816,550,532	\$ 850,370,934	\$ 881,528,357
<b>NET BONDED DEBT (3)</b>				
Gross bonded debt	33,615,567	38,013,420	37,136,898	34,664,243
Less debt service funds	-	-	-	-
<b>Net Bonded Debt</b>	<u>\$ 33,615,567</u>	<u>\$ 38,013,420</u>	<u>\$ 37,136,898</u>	<u>\$ 34,664,243</u>
<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	4.16%	4.66%	4.37%	3.93%
<b>POPULATION (1)</b>	16,034	16,006	15,929	16,018
<b>TAXABLE ASSESSED VALUATION PER CAPITA</b>	50,409	51,015	53,385	55,034
<b>NET BONDED DEBT PER CAPITA</b>	\$ 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, 2021

Table 11

<u>Governmental Unit</u>	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Harts Bluff ISD	\$ -	1.46%	\$ -
Mount Pleasant Independent School District	91,912,050	13.74%	12,629,267
Northeast Texas CCD	25,188,638	42.21%	10,632,023
Titus County	105,565,000	20.02%	21,133,057
Titus County FWSD #1	-	0.00%	-
Titus County Hospital District	-	22.57%	-
Subtotal, overlapping debt			<u>44,394,348</u>
<b>City direct debt</b>	16,360,245	100.00%	<u>16,360,245</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 60,754,593</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>322,369,643</u>
Total Assessed Value	<u><u>1,450,355,950</u></u>
Debt Limit - (10%) of Total Assessed Value	149,489,351
Less amount of debt applicable to debt limits	\$ 105,035,000
Legal Debt Margin	<u><u>44,454,351</u></u>
The Debt Rate legal limit percentage	3%

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
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
2021	12,862,921	11,408,604	1,454,317	1,573,271	0.92

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)

<b>Fiscal Year ended 9/30</b>	<b>Estimated population</b>	<b>Median Income</b>	<b>Per Capita Personal Income</b>	<b>Median Household Income</b>	<b>Median Age</b>
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
2021	17,167	64,300	21,730	48,240	32.7

(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	<sup>1</sup> 9/30/2021	
		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
Diamond C Trailers	Trailer Manufacturer	400	6
Wal-Mart Supercenter	Discount Retail Store	384	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

<sup>1</sup> 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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government and administration	10	8	8	10	9	9	10	11	11	18
Public safety	68	67	73	75	75	81	81	80	80	80
Public works	10	10	10	10	12	12	13	12	11	14
Community development	13	13	13	13	13	13	13	13	13	10
Culture and recreation	18	20	21	22	22.5	23.5	23.5	22.5	22.5	19.5
Water and sewer	26	27	27	27	32	32	32	34	34	37
EDC	-	-	-	-	1	1	1	1.5	2	2
<b>Total</b>	<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>	<u>180.00</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	2012	2013	2014	2015
Public Safety:				
Municipal Court				
Number of cases filed	6,096	5,310	7,318	7,517
Police:				
Citation issued	3,984	3,568	3,610	3,493
Fire:				
Number of calls answered	1,360	1,351	1,380	1,166
Number of inspections	474	242	330	488
Animal Control				
Number of calls answered	1,807	938	1,015	781
Public Works:				
Number of streets maintained	272	272	293	293
Code Compliance:				
Number of Inspections	N/D	N/D	N/D	N/D
Water:				
New connections	12	28	23	25
Average daily consumption (millions of gallons)	7.9	7.2	7.3	7.8
Wastewater:				
Average daily sewage treatment (millions of gallons)	1.4	1.6	1.8	1.7

Sources: Various City departments.

N/D : No reliable data

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
5,807	7,668	8,325	4,871	4,447	4,583
6,073	9,899	10,846	5,795	3,131	3,062
1,064	1,092	898	829	818	878
401	388	358	62	54	77
774	834	815	814	989	799
250	282	282	272	345	260
N/D	N/D	N/D	427	1,129	1,929
120	17	27	26	30	69
6	6.45	6.32	6.64	7.71	6.06
2.1	2.1	2.1	2.43	2.81	2.23

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

Function/Program	2011	2012	2013	2014	2015
Public safety:					
Police Stations	1	1	1	1	1
Patrol units	12	12	12	12	12
Fire Stations	2	2	2	2	2
Public works:					
Streets (miles)	85	85	105.3	105.9	110.4
Parks and Recreation:					
Parks (acreage)	187.90	187.90	188.08	188.08	188.08
Number of playgrounds	6	6	6	6	6
Number of baseball/softball fields	20	20	20	20	20
Water:					
Water mains (miles)	200	200	205	205	205
Number of fire hydrants	900	900	900	900	900
Storage capacity (millions of gallons)	6.2	6.2	7.2	7.2	7.6
Sewer:					
Sanitary sewers (miles)	185	185	185	185	185
Airport:					
Runaways maintained (feet)	6,000	6,000	6,000	6,000	6,000

Sources: Various City departments.

(1) Does not include HOA playgrounds.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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	333.08
6	6	6	6	6	7
20	20	20	20	20	24
205	205	205	205	205	205
900	900	900	900	900	900
7.6	7.6	7.6	7.6	7.6	7.6
190	190	190	190	190	190
6,000	6,000	6,000	6,000	6,000	6,000

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

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**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, 2021, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 202 1-001 that we consider to be a material weakness.

### *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 14, 2022

**City of Mount Pleasant, Texas**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended September 30, 2021**

**I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:**

*Material Weaknesses:*

**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 recommended that management review the existing policies, procedures, and controls over these areas to ensure that all information is recorded and reported properly.

*Status:* This issue continues to be addressed as the City with improvements to their accounting processes and related internal controls.

*Significant Deficiencies:*

**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 suggested the City discontinue the use of electronic signatures. The person printing checks should not have access to the authorized signor's signature.

**City of Mount Pleasant, Texas**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended September 30, 2021**

*Status:* Authorized Signers review the check register of all checks that are electronically signed and signs the register. Additionally 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 suggested 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 City has implemented policy and procedures to reconcile these accounts monthly. The City had negative pooled cash balances for funds as of the end of the current year audit as well.

**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.

*Status:* No funds had negative fund balances at the end of the current year.

**City of Mount Pleasant, Texas**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended September 30, 2021**

**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 off October 2020.

**City of Mount Pleasant, Texas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2021**

**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> </u> Yes	<u> X </u> No
Is any noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

**II. FINANCIAL STATEMENT FINDINGS:**

**Material Weakness:**

**Finding 2021-001:**

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

*Condition/Cause:* For the year ended September 30, 2021, 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 finance department continues to work to improve their accounting processes and related internal controls. There have been improvements each year since this material weakness was brought to our attention.