



City of Mount Pleasant, Texas

Annual Comprehensive Financial Report

For the Year Ended September 30, 2025

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City of Mount Pleasant, Texas

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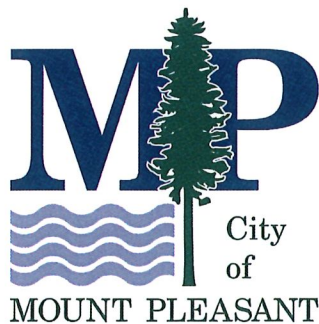
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May 12, 2026

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

The City of Mount Pleasant, Texas requires an audit of the City's financial activities to be conducted by an independent certified public accountant at the end of each fiscal year. 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. This report is published to fulfill that requirement for the fiscal year ending September 30, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control. In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Brooks Watson & Co. PLLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Mount Pleasant's financial statements for the year ended September 30, 2025. The audit was designed to meet the requirements of the Federal Single Audit Act of 1996 requirements and related Uniform Guidance requirements. The independent auditor's report is located at the front of the financial section of this report. The Annual Comprehensive Financial Report (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 Management Discussion and Analysis (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.

CITY PROFILE

The City of Mount Pleasant, Texas, the county seat of Titus County, is considered the industrial hub of Northeast Texas offering health care and educational opportunities while experiencing recent growth in housing, retail, hotel and dining. The City of Mount Pleasant consists of approximately thirty square miles and 112 miles of municipal streets. The Parks Department consists of fourteen parks with a total of 795 acres of park land. The Dallas/Fort Worth Metroplex is just an hour and a half drive west on Interstate 30, the Shreveport/Bossier MSA approximately one hundred miles Southeast, and Tyler MSA only sixty-seven miles south. Currently, the City's population is estimated to be 16,295. The city was named for its elevated location, which offered a pleasant view of the surrounding landscape. Initially it served as a hub for farmers and ranchers. Its growth was significantly influenced

by the arrival of the railroad in the late nineteenth century, which connected it to larger markets and facilitated commerce.

Mount Pleasant is a home-rule City operating under the Council-Manager form of government. The City was incorporated on September 17, 1900, under the provision of H.B. 901 of the Texas legislature with an adopted City Charter. Home-rule corporation status is granted under the Constitution and laws of the State of Texas. The City Council is comprised of the Mayor and five Council Members who function as the policy-making body of the City's government, determining the overall goals, objectives, and direction for City services, and adopting the annual operating budgets for all City departments. The City Manager is appointed by the City Council and is responsible for the daily management and implementation of City policy, including appointing various key leaders and department heads. The Mayor and Council Members serve two-year terms. The Mayor and all Council Members are elected at large.

The City is a full-service municipality. Major services provided under general government and enterprise functions include police and fire protection, water and wastewater services, parks and recreational facilities, library services, street improvements, capital projects administration, municipal court, animal services, code enforcement, development and planning services, and general administrative services. The City offers an airport, cemetery and a civic center. The City also offers fleet service operations, property and facility management services, and risk management services.

The City participates in the Texas Municipal Retirement System (TMRS) with a 7% employee contribution and a 2:1 employer match, with five-year vesting and provides comprehensive medical, dental, and life insurance coverage for employees, as well as health and dental coverage for retired employees. An onsite gym available/wellness center, daycare, clinic, specifically for employees.

LOCAL ECONOMY

The information presented in this document is best understood when considered from the broader perspective of the specific environment within which the city operates. The chief industries in and around Mount Pleasant include food processing, manufacturing, healthcare, and education. Higher education is offered from the Northeast Texas Community College campus, with emphasis on Healthcare, Industrial Technology and Agriculture, which supplies needed trades and employment for the area. There are several other major studies offered and dual credit classes to high school students. Primary and secondary education is provided by the Mount Pleasant Independent School District that offers four elementary, two middle and a high school campus.

Additionally, Mount Pleasant has many tourist attractions. The Mid America Flight Museum has numerous vintage and warbird aircraft, many of which are airworthy and actively flown. The municipal airport has a lot of flight stops for fuel from all over with jets that are impressive for our area. The local cheesecake restaurant has expanded to ship their desserts nationally. Mount Pleasant is home to the largest handmade chocolate manufacturer in the country, receiving national recognition for creating over one hundred varieties of handmade pieces. The historic designated downtown is a charming area with dining and boutique shopping. The city has efficiently combined the county museum and library and there are many activities hosted for the community on a regular basis.

For the nature enthusiast there is a country club, numerous parks, trails and a sports complex. Mount Pleasant is surrounded by several lakes offering fishing, boating and recreation. It is located near Lake Bob Sandlin, Lake Cypress Springs, Lake Tankersley, Lake Welsh, Lake Montecillo, Old City Lake, and New City Lake. The area offers a draw for lake life from the Metroplex and Houston area as well as a respected community for locals and retirees. The city actively works with the Mount Pleasant Economic Development Corporation and local industries

to encourage expansion and relocations to the community. The Mount Pleasant area cost of living index is 86–88 meaning it is about 14-15% lower than the U.S. National average and is lower than the State of Texas average.

Economic incentives, as well as property tax exemptions, are available to facilitate business expansions or relocations. According to the Northeast Texas Workforce Development Area Statistics, the Mount Pleasant Micropolitan Statistical Area (MSA) civilian labor force totaled approximately 126,468, reflecting steady workforce with lower unemployment. With recent increases in development and the growth east from the Metroplex, Mount Pleasant is staged for increased progress and development.

FINANCIAL PLANNING AND FISCAL POLICIES

The Basic Financial Statements of the City include all governmental activities, organizations, and functions for which the City is financially accountable, including blended component units as defined by the Governmental Accounting Standards Board (GASB). The City Charter provides that the City Council shall adopt by ordinance an annual budget prepared by the City Manager. This budget is presented to the City Council, and opportunities are provided for public comment during a series of public hearings before adoption. Budgetary control has been established at the individual fund level. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total revenue or expenditure of any fund must be approved by the City Council. Although the budget is adopted at the fund level, continued line-item review and forecasting are conducted on a monthly and quarterly basis throughout the fiscal year to ensure compliance with the budget and completion of projects. Monthly financials and quarterly investment reports are presented to Council and are in compliance with Texas state statute and the Public Funds Investment Act (PFIA).

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 unauthorized use or disposition. 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 is 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, enterprise funds, special revenue funds and debt service fund 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 encumbrances lapse at the 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. Within the policy guidelines set by the Council for budgetary and planning purposes, the City of Mount Pleasant adopted and maintained a Fund Balance Policy. The City's goal is to achieve and maintain an unassigned fund balance in the general fund equal to 16.67% of expenditures. The city considers a balance of less than 8.34% to be cause for concern, barring unusual or deliberate circumstances. If that should occur the City Manager is responsible for delivering a plan

to bring the balance back within the designated percentage and the Finance Director is expected to monitor the balance.

OTHER INFORMATION

The preparation of the ACFR was made possible by the service of the staff in the finance department and our independent auditors and I extend my sincere appreciation to all employees who contributed to its preparation.

I would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully Submitted,



Robert G. Vine
City Manager



Rebecca Elliott
Interim Finance Director

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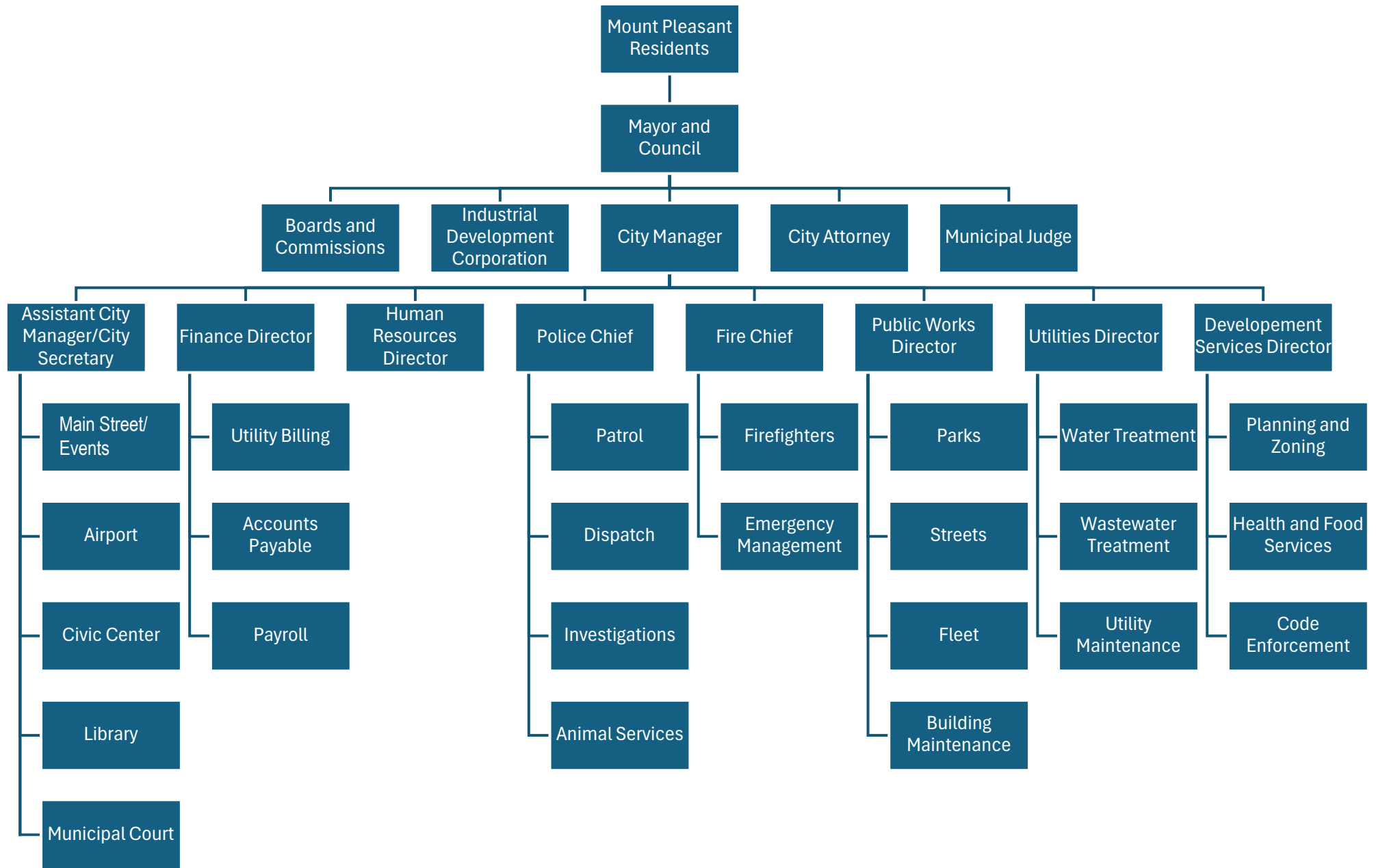
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Texas (the "City") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Texas, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

As discussed in Note V.G. to the financial statements, the City has restated the beginning net position for governmental activities, business-type activities, the water & sewer fund, and the airport fund due to the implementation of GASB 101, *Compensated Absences*, and corrections to the prior year accumulated depreciation balance. Our opinion is not modified with respect to these matters.

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 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brooks Watson & Co.

Brooks Watson & Co.
Certified Public Accountants
Houston, Texas

May 12, 2026

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*

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City of Mount Pleasant, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

September 30, 2025

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, 2025.

Financial Highlights

- The City's total combined net position was \$68,044,216 at September 30, 2025.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$13,428,173, a decrease of \$424,119.
- As of the end of the year, the unassigned fund balance of the general fund was \$3,273,127, which was 22% of annual expenditures.
- The City had an overall increase in net position of \$4,422,253, due to business-type revenues exceeding expenses.

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, 2025

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 eighteen 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 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, library, PEG, capital replacement, park improvements, insurance fund, police seizures, and police 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 government-wide financial statements. The City uses enterprise funds to account for its water

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

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 Economic Development District ("MPEDD") 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 \$68,044,216 as of September 30, 2025.

The largest portion of the City's net position, \$64,277,894, 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.

Total current and other assets of the primary government as of September 30, 2025 and September 30, 2024 were \$56,349,625 and \$67,255,495, respectively. The decrease of \$10,905,870 was primarily due to available cash being used to purchase new capital improvements and paid down outstanding debt obligations.

Capital assets for business-type activities increased by \$15,502,261 primarily due to new water/sewer infrastructure improvements in the current year.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Total deferred outflows of the primary government decreased by \$1,148,464. The variance is due to actuarial valuation changes for the City's pension liability inputs.

Other liabilities for business-type activities increased by \$2,082,389 primarily due to nonrecurring outstanding payables for new capital purchases and timing of repayments subsequent to yearend.

Total long-term liabilities decreased by \$4,458,464 resulting from principal payments made on outstanding debt and a decline in the City's net pension liability over the course of the year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2025			2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and						
other assets	\$ 15,339,728	\$ 41,009,897	\$ 56,349,625	\$ 17,342,648	\$ 49,912,847	\$ 67,255,495
Internal balances	(873,873)	873,873	-	(2,443,729)	2,443,729	-
Capital assets, net	38,486,410	114,006,874	152,493,284	40,256,390	98,504,613	138,761,003
Total Assets	52,952,265	155,890,644	208,842,909	55,155,309	150,861,189	206,016,498
Def. Outflows	2,228,512	541,515	2,770,027	3,157,396	761,095	3,918,491
Other liabilities	3,448,265	9,807,268	13,255,533	3,594,628	7,724,879	11,319,507
Long-term liab.	30,303,489	98,977,453	129,280,942	32,047,246	101,692,160	133,739,406
Total Liabilities	33,751,754	108,784,721	142,536,475	35,641,874	109,417,039	145,058,913
Def. Inflows	840,791	191,454	1,032,245	413,986	88,281	502,267
Net Position:						
Net investment						
in capital assets	21,980,754	42,297,140	64,277,894	23,176,536	38,415,719	61,592,255
Restricted	1,779,219	2,292,154	4,071,373	1,742,576	1,776,799	3,519,375
Unrestricted	(3,171,741)	2,866,690	(305,051)	(2,662,267)	1,924,446	(737,821)
Total Net Pos.	\$ 20,588,232	\$ 47,455,984	\$ 68,044,216	\$ 22,256,845	\$ 42,116,964	\$ 64,373,809

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

Statement of Activities:

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

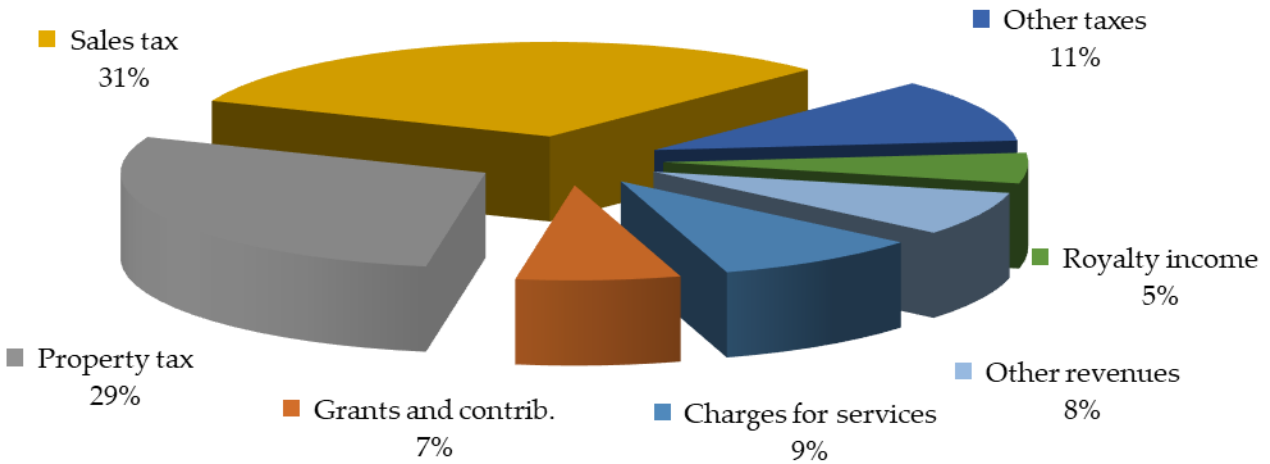
	For the Year Ended September 30, 2025			For the Year Ended September 30, 2024		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 1,893,092	\$ 21,132,813	\$ 23,025,905	\$ 2,486,998	\$ 17,854,701	\$ 20,341,699
Grants and contrib.	1,494,778	1,061,604	2,556,382	565,928	89,150	655,078
General revenues:						
Property tax	5,865,629	-	5,865,629	5,647,591	-	5,647,591
Sales tax	6,451,200	-	6,451,200	6,392,527	-	6,392,527
Other taxes	2,232,124	-	2,232,124	2,225,834	-	2,225,834
Royalty income	1,070,137	-	1,070,137	1,154,586	-	1,154,586
Investment income	557,754	1,813,665	2,371,419	355,402	2,556,217	2,911,619
Other revenues	985,030	-	985,030	442,707	-	442,707
Total Revenues	20,549,744	24,008,082	44,557,826	19,271,573	20,500,068	39,771,641
Expenses						
General government	3,249,313	-	3,249,313	3,825,702	-	3,825,702
Public safety	11,244,441	-	11,244,441	11,034,011	-	11,034,011
Public works	3,341,330	-	3,341,330	3,431,049	-	3,431,049
Parks and recreation	2,846,688	-	2,846,688	3,441,835	-	3,441,835
Water & sewer	-	14,195,735	14,195,735	-	14,451,668	14,451,668
Airport	-	1,748,855	1,748,855	-	1,757,006	1,757,006
Interest on debt	847,524	2,661,687	3,509,211	828,249	2,421,638	3,249,887
Total Expenses	21,529,296	18,606,277	40,135,573	22,560,846	18,630,312	41,191,158
Chg. in Net Position						
Before Transfers	(979,552)	5,401,805	4,422,253	(3,289,273)	1,869,756	(1,419,517)
Transfers in (out)	(89,139)	89,139	-	1,202,766	(1,202,766)	-
Total	(89,139)	89,139	-	1,202,766	(1,202,766)	-
Chg. in Net Position	(1,068,691)	5,490,944	4,422,253	(2,086,507)	666,990	(1,419,517)
Beg. Net Pos., as restated *	21,656,923	* 41,965,040	* 63,621,963	24,343,352	41,449,974	65,793,326
Ending Net Position	\$ 20,588,232	\$ 47,455,984	\$ 68,044,216	\$ 22,256,845	\$ 42,116,964	\$ 64,373,809

*Includes restatement for New Accounting Standard – GASB 101

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

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

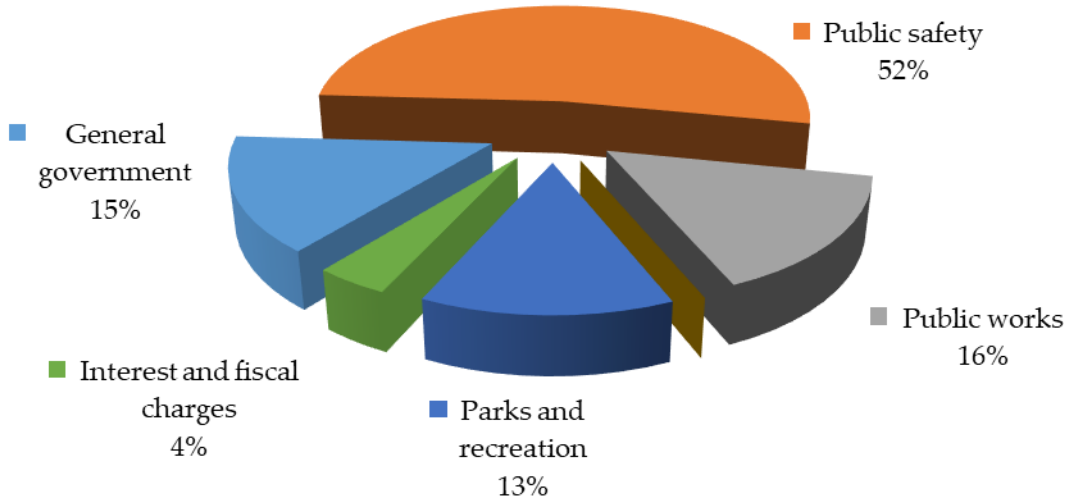


For the year ended September 30, 2025, revenues from governmental activities totaled \$20,549,744. Overall governmental activities revenues increased by \$1,278,171 or 7%. Sales tax and property tax are the City's largest revenue sources. Grants/contributions increased by \$928,850 or over 100% primarily due to nonrecurring grant funding for airport improvements received during the current year. Charges for services decreased by \$593,906 or 24% primarily due to reduced fire protective service revenue, resulting from a decline in monthly fees received from Titus County. Royalty income decreased by \$84,449 or 7% primarily due to a reduction in landfill waste volume compared to the prior year. Investment income increased by \$202,352 or 57% primarily due to greater interest rates earned on interest-bearing accounts in the current year.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses

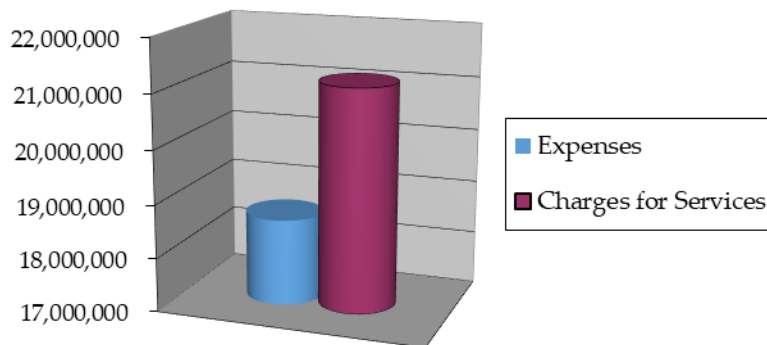


For the year ended September 30, 2025, expenses for governmental activities totaled \$21,529,296. This represents a decrease of \$1,031,550 or 5% from the prior year. The City's largest functional expense is public safety of \$11,244,441, which increased by \$210,430 or 2% and is considered minimal. General government expenses decreased by \$576,389 or 15% primarily due to reduced personnel costs, resulting from staff turnover and declining wages in the current year. Parks and recreation expenses decreased by \$595,147 or 17% primarily due to reduced personnel costs and nonrecurring park maintenance projects in the prior year. All other expenses remained relatively consistent with the previous year.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

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, 2025, charges for services by business-type activities totaled \$21,132,813. This is an increase of \$3,278,112, or 18%, from the previous year. The increase is primarily a result of greater water/sewer consumption and increased utility service rates over the course of the year.

Total expenses increased by \$24,035, from the previous year, and is considered minimal. Water and sewer and airport departmental expenses also remained consistent with the prior 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 \$3,407,635. The general fund reflected a decrease of \$48,326. Total revenues in the general fund were \$14,861,296 which decreased by \$223,975 when compared to prior year, primarily due to less charges for services in the current year. Total general fund expenditures were \$15,192,589 which decreased by \$1,022,789 when compared to prior year, primarily due to a reduction in general government, public safety, public works, parks & recreation, and library expenses in the current year.

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

The street fund reflected a fund balance of \$668,766, an increase of \$672,279 over last year. The increase is due to greater franchise taxes and other revenues recorded in the current year.

The parks improvements fund reflected a fund deficit of \$13,788, an improvement of \$3,188, which was strictly the result of investment income earned in the current year.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budget included increases of: \$356,549 to revenues, \$331,549 to expenditures, and a decrease of \$25,000 to other financing sources. These changes primarily related to greater anticipated miscellaneous revenues, transfers out, and increases to public safety and capital outlays.

There was a negative budget variance of \$105,220 before other financing sources and uses, and a total negative variance of \$105,153 after other financing sources and uses. Total budgeted revenues were less than actual revenue by \$494,834. Total actual expenditures were \$389,614 under budget.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$38,486,410 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 \$114,006,874 in a variety of capital assets and infrastructure, net of accumulated depreciation.

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

- Street rehabilitation improvements (\$539,825).
- Purchased new radio equipment (\$95,962).
- Dellwood park improvements (\$39,250).
- Marquee improvements (\$49,980).
- Purchased seven new John Deere Z950Ms (\$79,534).
- Purchased new surveillance system (\$21,652).
- Civic Center bathroom improvements (\$21,889).
- Old Sam Parker field improvements (\$28,000).
- Southwest airport site development (\$1,452,956).
- Airport improvements (\$57,598).
- Dam improvements (\$92,182).
- Purchased new equipment for water/sewer operations (\$156,556).
- West Loop water line construction project (\$7,396,925).

City of Mount Pleasant, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2025

- Wastewater plant improvements (\$6,924,279).
- EDC lift station and force main improvements (\$833,190).
- Water meter optimization project (\$1,274,093).
- Housing Authority water improvements (\$436,418).

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 long-term debt outstanding totaling \$118,369,184 (excluding premiums and discounts). During the year, the City made \$3,642,832 in principal payments on outstanding debt. The City entered into new lease agreements during the year totaling \$72,281. 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 Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City, and improving services provided to their residents.

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.

FINANCIAL STATEMENTS

City of Mount Pleasant, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 12,727,221	\$ 3,344,760	\$ 16,071,981
Restricted cash	249,410	35,465,590	35,715,000
Prepaid items	130,003	53,943	183,946
Receivables, net	2,133,520	2,145,604	4,279,124
Internal balances, net	(873,873)	873,873	-
Total Current Assets	14,366,281	41,883,770	56,250,051
Notes receivable, net of current portion	99,574	-	99,574
Capital assets:			
Non-depreciable	2,100,629	64,514,353	66,614,982
Net depreciable capital assets	36,385,781	49,492,521	85,878,302
Total Noncurrent Assets	38,585,984	114,006,874	152,592,858
Total Assets	52,952,265	155,890,644	208,842,909
Deferred Outflows of Resources			
Deferred OPEB outflows - TMRS	6,656	1,598	8,254
Deferred OPEB outflows - Healthcare	143,717	48,970	192,687
Deferred pension outflows	2,045,819	490,947	2,536,766
Deferred loss on refunding	32,320	-	32,320
Total Deferred Outflows of Resources	2,228,512	541,515	2,770,027

Component Unit

Industrial

Development

District

\$ 7,534,436

-

1,229

604,388

-

8,140,053

-

2,318,133

2,071,607

4,389,740

12,529,793

114

2,250

34,925

-

37,289

City of Mount Pleasant, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2025

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Liabilities			
Current liabilities:			
Accounts payable	\$ 416,380	\$ 5,734,241	\$ 6,150,621
Accrued liabilities	417,105	-	417,105
Accrued interest payable	355,620	987,319	1,342,939
Customer deposits	-	308,185	308,185
Compensated absences, current	955,250	213,657	1,168,907
Long-term debt due within one year	1,303,910	2,563,866	3,867,776
Total Current Liabilities	3,448,265	9,807,268	13,255,533
Noncurrent liabilities:			
Compensated absences, noncurrent	543,083	155,946	699,029
Long-term debt due in more than one year	22,690,346	97,017,341	119,707,687
Net pension liability	5,669,967	1,360,655	7,030,622
OPEB liabilities - TMRS	355,901	85,408	441,309
OPEB liabilities - Healthcare	1,044,192	358,103	1,402,295
Total Noncurrent Liabilities	30,303,489	98,977,453	129,280,942
Total Liabilities	33,751,754	108,784,721	142,536,475
Deferred Inflows of Resources			
Deferred OPEB inflows - TMRS	94,096	22,581	116,677
Deferred OPEB inflows - Healthcare	8,895	3,741	12,636
Deferred gain on refunding	49,680	-	49,680
Deferred pension inflows	688,120	165,132	853,252
Total Deferred Inflows of Resources	840,791	191,454	1,032,245
Net Position			
Net investment in capital assets	21,980,754	42,297,140	64,277,894
Restricted for:			
Debt service	424,269	2,292,154	2,716,423
Community improvements	461,636	-	461,636
Insurance	364,357	-	364,357
Cemetery	41,547	-	41,547
Development	114,501	-	114,501
Capital projects	368,697	-	368,697
Public safety	4,212	-	4,212
Unrestricted	(3,171,741)	2,866,690	(305,051)
Total Net Position	\$ 20,588,232	\$ 47,455,984	\$ 68,044,216

See Notes to Financial Statements.

Component Unit

Economic

Development

District

\$	107,097
	14,343
	-
	-
	10,346
	-
	<u>131,786</u>
	32,742
	-
	96,792
	6,075
	14,044
	<u>149,653</u>
	<u>281,439</u>
	1,607
	45
	-
	11,747
	<u>13,399</u>
	4,389,740
	-
	7,882,504
	-
	-
	-
	-
	-
	-
\$	<u><u>12,272,244</u></u>

City of Mount Pleasant, Texas

STATEMENT OF ACTIVITIES For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,249,313	\$ 1,344,333	\$ -	\$ -
Public safety	11,244,441	548,759	17,438	-
Public works	3,341,330	-	-	75,168
Parks and recreation	2,846,688	-	1,402,172	-
Interest and fiscal charges	847,524	-	-	-
Total Governmental Activities	<u>21,529,296</u>	<u>1,893,092</u>	<u>1,419,610</u>	<u>75,168</u>
Business-Type Activities				
Water & sewer	16,857,422	20,008,352	1,000,000	-
Airport	1,748,855	1,124,461	61,604	-
Total Business-Type Activities	<u>18,606,277</u>	<u>21,132,813</u>	<u>1,061,604</u>	<u>-</u>
Total Primary Government	<u>\$ 40,135,573</u>	<u>\$ 23,025,905</u>	<u>\$ 2,481,214</u>	<u>\$ 75,168</u>
Component Unit				
Development District	3,999,737	-	-	-
Total Component Unit Activities	<u>\$ 3,999,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, as previously stated

New Acct. Standard - GASB 101

Error correction

Beginning Net Position, as restated

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Economic
Governmental Activities	Business-Type Activities	Total	Development District
\$ (1,904,980)	\$ -	\$ (1,904,980)	\$ -
(10,678,244)	-	(10,678,244)	-
(3,266,162)	-	(3,266,162)	-
(1,444,516)	-	(1,444,516)	-
(847,524)	-	(847,524)	-
<u>(18,141,426)</u>	<u>-</u>	<u>(18,141,426)</u>	<u>-</u>
-	4,150,930	4,150,930	-
-	(562,790)	(562,790)	-
<u>-</u>	<u>3,588,140</u>	<u>3,588,140</u>	<u>-</u>
<u>(18,141,426)</u>	<u>3,588,140</u>	<u>(14,553,286)</u>	<u>-</u>
			(3,999,737)
			<u>(3,999,737)</u>
5,865,629	-	5,865,629	-
6,451,200	-	6,451,200	2,142,726
1,503,237	-	1,503,237	-
38,457	-	38,457	-
690,430	-	690,430	-
557,754	1,813,665	2,371,419	210,583
1,070,137	-	1,070,137	-
985,030	-	985,030	1,491,663
(89,139)	89,139	-	-
<u>17,072,735</u>	<u>1,902,804</u>	<u>18,975,539</u>	<u>3,844,972</u>
(1,068,691)	5,490,944	4,422,253	(154,765)
22,256,845	41,453,222	63,710,067	12,466,937
(599,922)	(151,924)	(751,846)	(39,928)
-	663,742	663,742	-
21,656,923	41,965,040	63,621,963	12,427,009
<u>\$ 20,588,232</u>	<u>\$ 47,455,984</u>	<u>\$ 68,044,216</u>	<u>\$ 12,272,244</u>

City of Mount Pleasant, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS (Page 1 of 2)

September 30, 2025

	General Fund	Street Fund	Park Improvements	Nonmajor Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 425,817	\$ 955,800	\$ 1,999,769	\$ 9,345,835
Restricted cash	38,393	-	69,723	141,294
Receivables, net				
Property taxes	150,979	-	-	53,218
Sales taxes	1,103,168	-	-	-
Other taxes	5,998	-	-	587,952
Other receivable	132,364	194,291	-	5,124
Prepaid	115,957	7,163	-	6,883
Due from other funds	2,619,427	-	-	-
Total Assets	\$ 4,592,103	\$ 1,157,254	\$ 2,069,492	\$ 10,140,306
<u>Liabilities</u>				
Accounts payable	\$ 187,839	\$ 34,908	\$ -	\$ 193,633
Accrued liabilities	401,301	15,804	-	-
Due to other funds	444,349	437,776	2,083,280	527,895
Total Liabilities	1,033,489	488,488	2,083,280	721,528
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - prop. taxes	150,979	-	-	53,218
Total Deferred Inflows of Resources	150,979	-	-	53,218

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 12,727,221
249,410

204,197
1,103,168
593,950
331,779
130,003
2,619,427

\$ 17,959,155

\$ 416,380
417,105
3,493,300

4,326,785

204,197

204,197

City of Mount Pleasant, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS (Page 2 of 2)

September 30, 2025

	General Fund	Street Fund	Park Improvements	Nonmajor Governmental Funds
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	\$ 115,957	\$ 7,163	\$ -	\$ 6,883
Notes Receivable	-	-	-	137,512
Restricted for:				
Debt service	-	-	-	371,051
Community improvements	-	-	-	461,636
Insurance	-	-	-	364,357
Cemetery	-	-	-	41,547
Development	-	-	-	114,501
Capital projects	-	-	-	7,936,977
Public safety	-	-	-	4,212
Assigned to:				
Public safety	18,551	-	-	318,905
Library	-	-	-	44,748
Unassigned	3,273,127	661,603	(13,788)	(436,769)
Total Fund Balances	3,407,635	668,766	(13,788)	9,365,560
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
	\$ 4,592,103	\$ 1,157,254	\$ 2,069,492	\$ 10,140,306

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 130,003
137,512

371,051
461,636
364,357
41,547
114,501
7,936,977
4,212

337,456
44,748
3,484,173

13,428,173

\$ 17,959,155

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City of Mount Pleasant, Texas
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
September 30, 2025

Fund Balances - Total Governmental Funds	\$	13,428,173
 Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		2,100,629
Capital assets - net depreciable		36,385,781
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Property tax receivable		204,197
 Deferred outflows (inflows) of resources represent a consumption of net assets that applies to a future period(s) and is not recognized as an outflow of resources (expense/expenditure) until then.		
Deferred gain on refunding		(49,680)
Deferred loss on refunding		32,320
Pension contributions		1,150,836
OPEB contributions - TMRS		6,656
Pension difference in experience		894,983
Pension changes in assumptions		(174,014)
Pension investment earnings		(514,106)
OPEB experience - Healthcare		143,717
OPEB experience - TMRS		(24,981)
OPEB changes in assumptions - TMRS		(69,115)
OPEB changes in assumptions - Healthcare		(8,895)
 Some liabilities, including bonds payable and deferred charges are not reported as liabilities in the governmental funds.		
Compensated absences		(1,498,333)
Accrued interest		(355,620)
Premiums on bonds payable		(1,392,036)
Non-current liabilities due in one year		(1,303,910)
Non-current liabilities due in more than one year		(21,298,310)
Net pension liability		(5,669,967)
OPEB liability - TMRS		(355,901)
OPEB liability - Healthcare		(1,044,192)
Net Position of Governmental Activities	\$	20,588,232

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, 2025

	General Fund	Street Fund	Park Improvements	Nonmajor Governmental Funds
Revenues				
Property tax	\$ 4,507,109	\$ -	\$ -	\$ 1,336,249
Sales tax	6,451,200	-	-	-
Mixed beverage taxes	38,457	-	-	-
Hotel occupancy taxes	-	-	-	690,430
Intergovernmental revenue	69,972	-	-	1,424,806
License and permits	459,774	-	-	-
Charges for services	884,559	-	-	-
Fines and forfeitures	548,759	-	-	-
Franchise tax	92,306	1,391,002	-	19,929
Investment income	105,676	31,172	3,188	417,718
Royalties	1,070,137	-	-	-
Other revenues	633,347	133,287	-	178,959
Total Revenues	14,861,296	1,555,461	3,188	4,068,091
Expenditures				
Current:				
General government	2,107,382	-	-	843,517
Public safety	10,217,300	-	-	46,828
Building maintenance	228,227	-	-	-
Public works	545,736	1,201,064	-	-
Parks and recreation	1,308,843	-	-	514,609
Library	578,096	-	-	-
Debt service:				
Principal	117,514	-	-	1,253,040
Interest and fiscal charges	9,957	-	-	1,048,389
Capital outlay	79,534	82,120	-	768,158
Total Expenditures	15,192,589	1,283,184	-	4,474,541
Revenues Over (Under) Expenditures	(331,293)	272,277	3,188	(406,450)

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 5,843,358
6,451,200
38,457
690,430
1,494,778
459,774
884,559
548,759
1,503,237
557,754
1,070,137
945,593

20,488,036

2,950,899
10,264,128
228,227
1,746,800
1,823,452
578,096

1,370,554
1,058,346
929,812

20,950,314

(462,278)

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, 2025

	General Fund	Street Fund	Park Improvements	Nonmajor Governmental Funds
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 900,072	\$ 400,002	-	\$ 790,391
Transfers (out)	(617,105)	-	-	(1,546,919)
Sale of capital assets	-	-	-	39,437
Lease related issuance	-	-	-	72,281
Total Other Financing Sources (Uses)	282,967	400,002	-	(644,810)
Net Change in Fund Balances	(48,326)	672,279	3,188	(1,051,260)
Beg. fund balances, as prev. stated	3,455,961	(3,513)	-	10,399,844
Change in financial reporting (nonmajor to major)	-	-	(16,976)	16,976
Beg. fund balances, as restated	3,455,961	(3,513)	(16,976)	10,416,820
Ending Fund Balances	\$ 3,407,635	\$ 668,766	\$ (13,788)	\$ 9,365,560

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$	2,090,465
	(2,164,024)
	39,437
	72,281
	<hr/>
	38,159
	<hr/>
	(424,119)
	13,852,292
	-
	13,852,292
	<hr/>
\$	13,428,173
	<hr/>

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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, 2025

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

Net changes in fund balances - total governmental funds	\$	(424,119)
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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.

Transfers of capital assets to business type activities		(15,580)
Capital asset additions		978,057
Depreciation expense		(2,732,457)

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

Property tax receivable		22,271
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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.

Compensated absences		162,979
Accrued interest		48,983
Pension expense		(478,298)
OPEB expense		(90,639)
Amortization of debt premium		166,287

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.

Amortization deferred loss/gain on debt refunding		(4,448)
Lease related issuance		(72,281)
Principal payments		1,370,554

Change in Net Position of Governmental Activities	\$	(1,068,691)
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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, 2025

	Water & Sewer	Airport	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 2,787,243	\$ 557,517	\$ 3,344,760
Restricted cash	33,173,436	-	33,173,436
Restricted cash - TWDB bond	2,292,154	-	2,292,154
Due from other funds	920,561	-	920,561
Accounts and other receivables, net	2,145,604	-	2,145,604
Prepaid items	50,090	3,853	53,943
Total Current Assets	41,369,088	561,370	41,930,458
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	61,020,757	3,493,596	64,514,353
Net depreciable capital assets	45,168,475	4,324,046	49,492,521
Total Noncurrent Assets	106,189,232	7,817,642	114,006,874
Total Assets	147,558,320	8,379,012	155,937,332
<u>Deferred Outflows of Resources</u>			
Deferred OPEB outflows - TMRS	1,434	164	1,598
Deferred OPEB outflows - Healthcare	45,100	3,870	48,970
Deferred pension outflows	440,663	50,284	490,947
Total Deferred Outflows of Resources	\$ 487,197	\$ 54,318	\$ 541,515

See Notes to Financial Statements.

City of Mount Pleasant, Texas

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

September 30, 2025

	<u>Water & Sewer</u>	<u>Airport</u>	<u>Total</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	\$ 5,655,933	\$ 78,308	\$ 5,734,241
Customer deposits	308,185	-	308,185
Compensated absences, current	180,245	33,412	213,657
Long-term debt due within one year	2,557,020	6,846	2,563,866
Accrued interest	987,319	-	987,319
Due to other funds	-	46,688	46,688
Total Current Liabilities	9,688,702	165,254	9,853,956
<u>Noncurrent Liabilities</u>			
Net pension liability	1,221,293	139,362	1,360,655
OPEB liabilities - TMRS	76,660	8,748	85,408
OPEB liabilities - Healthcare	326,492	31,611	358,103
Compensated absences, noncurrent	152,234	3,712	155,946
Debt due in more than one year	97,017,341	-	97,017,341
Total Liabilities	108,482,722	348,687	108,831,409
<u>Deferred Inflows of Resources</u>			
Deferred OPEB inflows - TMRS	20,268	2,313	22,581
Deferred OPEB inflows - Healthcare	3,380	361	3,741
Deferred pension inflows	148,219	16,913	165,132
Total Deferred Inflows of Resources	171,867	19,587	191,454
<u>Net Position</u>			
Net investment in capital assets	34,551,987	7,745,153	42,297,140
Restricted for debt service	2,292,154	-	2,292,154
Unrestricted	2,546,787	319,903	2,866,690
Total Net Position	\$ 39,390,928	\$ 8,065,056	\$ 47,455,984

See Notes to Financial Statements.

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City of Mount Pleasant, Texas

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

For the Year Ended September 30, 2025

	Water & Sewer	Airport	Total
<u>Operating Revenues</u>			
Charges for services	\$ 19,704,652	\$ 1,124,359	\$ 20,829,011
Other operating revenue	246,462	-	246,462
Intergovernmental	1,000,000	61,604	1,061,604
Miscellaneous revenue	57,238	102	57,340
Total Operating Revenues	21,008,352	1,186,065	22,194,417
<u>Operating Expenses</u>			
Personnel	3,627,212	318,932	3,946,144
Supplies and services	1,166,151	604,546	1,770,697
Maintenance	491,016	32,876	523,892
Administrative expenses	6,460,215	76,161	6,536,376
Depreciation	2,451,141	715,316	3,166,457
Total Operating Expenses	14,195,735	1,747,831	15,943,566
Operating Income (Loss)	6,812,617	(561,766)	6,250,851
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	1,813,665	-	1,813,665
Interest expense	(2,661,687)	(1,024)	(2,662,711)
Total Nonoperating Revenues (Expenses)	(848,022)	(1,024)	(849,046)
Income (Loss) Before Transfers	5,964,595	(562,790)	5,401,805
Transfers in	-	1,570,485	1,570,485
Transfers (out)	(1,481,346)	-	(1,481,346)
Change in Net Position	4,483,249	1,007,695	5,490,944
Beginning net position, as reported	34,411,841	7,041,381	41,453,222
Error correction	663,742	-	663,742
New Acct. Standard - GASB 101	(167,904)	15,980	(151,924)
Beginning net position, as restated	34,907,679	7,057,361	41,965,040
Ending Net Position	\$ 39,390,928	\$ 8,065,056	\$ 47,455,984

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, 2025

	Water & Sewer	Airport	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 20,583,654	\$ 1,186,065	\$ 21,769,719
Payments to employees	(3,485,556)	(308,870)	(3,794,426)
Payments to suppliers and contractors	(6,332,890)	(650,141)	(6,983,031)
Net Cash Provided (Used) by Operating Activities	10,765,208	227,054	10,992,262
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers in from other funds	-	1,554,905	1,554,905
Transfers (out) to other funds	88,510	-	88,510
Net Cash Provided (Used) by Noncapital Financing Activities	88,510	1,554,905	1,643,415
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchase of capital assets	(17,113,644)	(1,510,554)	(18,624,198)
Principal paid on capital debt	(2,248,037)	(24,241)	(2,272,278)
Interest paid on capital debt	(2,893,929)	(1,024)	(2,894,953)
Net Cash Provided (Used) by Capital and Related Financing Activities	(22,255,610)	(1,535,819)	(23,791,429)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	1,813,665	-	1,813,665
Net Cash Provided by Investing Activities	1,813,665	-	1,813,665
Net Increase (Decrease) in Cash and Cash Equivalents	(9,588,227)	246,140	(9,342,087)
Beginning cash and cash equivalents	47,841,060	311,377	48,152,437
Ending Cash and Cash Equivalents	\$ 38,252,833	\$ 557,517	\$ 38,810,350

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, 2025

	Water & Sewer	Airport	Total
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating</u>			
<u>Activities</u>			
Operating Income (loss)	\$ 6,812,617	\$ (561,766)	\$ 6,250,851
Adjustments to reconcile operating income to net cash provided:			
Depreciation	2,451,141	715,316	3,166,457
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(434,870)	-	(434,870)
Prepaid	(4,423)	156	(4,267)
Deferred outflows/inflows - pension and OPEB	289,461	33,292	322,753
Increase (Decrease) in:			
Accounts payable and accrued liabilities	1,784,492	63,286	1,847,778
Customer deposits	14,595	-	14,595
Net pension liability	(181,203)	(20,677)	(201,880)
OPEB liability	45,037	5,524	50,561
Compensated absences	(11,639)	(8,077)	(19,716)
Net Cash Provided (Used) by Operating Activities	\$ 10,765,208	\$ 227,054	\$ 10,992,262
 <u>Schedule of Non-Cash Capital and Related</u>			
<u>Financing Activities</u>			
Lease liabilities	\$ 28,940	\$ -	\$ 28,940
Transfers of capital assets from govt. activities	-	15,580	15,580
Total Non-Cash Capital and Related Activities	\$ 28,940	\$ 15,580	\$ 44,520

See Notes to Financial Statements.

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City of Mount Pleasant, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

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 Economic Development Corporation ("EDC") 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 Economic Development Corporation

The City of Mount Pleasant Economic Development Corporation is governed by a five member board of directors appointed, at will, by the City Council. The Mount Pleasant Economic Development Corporation ("EDC") 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. State law allows the

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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, 2025

Park Improvements

This fund is a capital projects fund used to account for the administration, operation, and maintenance of the City's parks.

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.

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

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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

C. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 outstanding

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, fines, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumptions

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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 remains in place

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

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

11. Compensated Absences

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

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

12. Long-Term Obligations

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

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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 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, 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. Leases

Lessee: The City is a lessee for noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

14. Subscription-Based Information Technology Arrangements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

15. 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.

16. 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.

17. 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 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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the water and sewer and airport fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 activities 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.”

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:

Debt Service Fund:	
Total expenditures	\$ 7,831
Capital Replacement Fund:	
Total expenditures	\$ 121,547

B. Deficit Fund Balances

As of September 30, 2025, the Hotel/Motel Fund, Park Improvement Fund, and Capital Replacement Fund had deficit fund balances of \$109,575, \$13,788, and \$320,311, respectively. The deficits should be reduced or eliminated in the future with tax revenue and reducing capital outlay expenditures.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2025, the primary government had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools		
LOGIC	\$ 41,898,498	0.14
Texpool	788,227	0.12
TexasTERM	7,594	0.13
Total fair value	<u>\$ 42,694,319</u>	
Portfolio weighted average maturity		0.13

As of September 30, 2025, the City's component unit had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pool - Texpool	\$ 1,747,942	0.12
External investment pool - TexasTERM	2,905,033	0.13
Total fair value	<u>\$ 4,652,975</u>	
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, 2025, the City's investments in TexPool and LOGIC were rated AAAM by Standard & Poor's.

City of Mount Pleasant, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2025

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 fair value of not less than the principal amount of the deposits. As of September 30, 2025, the fair 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, 2025, 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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

exposure, and management. The rating demonstrates that the pool has an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. LOGIC has a conservative investment policy and invests in only authorized investments under the Texas Public Funds Investment Act. To ensure an accurate and current rating, Standard & Poor's monitors pertinent pool information, 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, 2025, 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	\$ 243,715	\$ -	\$ 64,004	\$ -	\$ 307,719
Sales tax	1,103,168	-	-	-	1,103,168
Franchise & local tax	-	194,291	-	-	194,291
Other	5,998	-	160,674	5,814	172,486
Grants	-	-	394,826	-	394,826
Accounts	3,454,341	-	60,738	2,427,172	5,942,251
Allowance	(3,414,713)	-	(33,948)	(287,382)	(3,736,043)
Total	<u>\$ 1,392,509</u>	<u>\$ 194,291</u>	<u>\$ 646,294</u>	<u>\$ 2,145,604</u>	<u>\$ 4,378,698</u>

The City extended loans to 3 local businesses through the Rural Development fund during the fiscal year. Below is the schedule of notes receivable for those loans:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 37,285	\$ 7,197	\$ 44,482
2027	38,047	4,913	42,960
2028	38,178	2,653	40,831
2029	23,349	469	23,818
Thereafter	-	-	-
Total	<u>\$ 136,859</u>	<u>\$ 15,232</u>	<u>\$ 152,091</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

The discretely presented component unit had \$367,723 in receivables at yearend that related to sales tax and \$236,665 that related to a loan repayment due from a local business, which failed to meet its performance requirements.

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	\$ 2,100,629	\$ -	\$ -	\$ 2,100,629
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>2,100,629</u>	<u>-</u>	<u>-</u>	<u>2,100,629</u>
Capital assets, being depreciated:				
Buildings	15,009,288	-	-	15,009,288
Improvements	19,096,101	662,164	(15,580)	19,742,685
Infrastructure	29,324,027	-	-	29,324,027
Machinery	7,208,477	167,594	(278,255)	7,097,816
Vehicles	3,172,471	79,534	-	3,252,005
Right-to-use assets (vehicles/equip.)	1,962,859	68,765	(160,000)	1,871,624
SBITAs	293,161	-	-	293,161
Total capital assets being depreciated	<u>76,066,384</u>	<u>978,057</u>	<u>(453,835)</u>	<u>76,590,606</u>
Less accumulated depreciation:				
Buildings	(4,632,990)	(333,385)	-	(4,966,375)
Improvements	(7,747,067)	(864,251)	-	(8,611,318)
Infrastructure	(14,788,780)	(614,454)	-	(15,403,234)
Machinery	(6,775,429)	(206,504)	278,255	(6,703,678)
Vehicles	(2,787,994)	(172,021)	-	(2,960,015)
Right-to-use assets (vehicles/equip.)	(1,032,242)	(458,213)	160,000	(1,330,455)
SBITAs	(146,121)	(83,629)	-	(229,750)
Total accumulated depreciation	<u>(37,910,623)</u>	<u>(2,732,457)</u>	<u>438,255</u>	<u>(40,204,825)</u>
Net capital assets being depreciated	38,155,761	(1,754,400)	(15,580)	36,385,781
Total Capital Assets	<u>\$ 40,256,390</u>	<u>\$ (1,754,400)</u>	<u>\$ (15,580)</u>	<u>\$ 38,486,410</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Depreciation was charged to governmental functions as follows:

General government	\$	212,050
Public safety		780,806
Building maintenance		127,432
Public works		1,242,274
Parks and recreation		219,965
Library		149,930
Total Governmental Activities Depreciation Expense	\$	2,732,457

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	37,402,263	18,317,862	-	55,720,125
Total capital assets not being depreciated	<u>46,196,491</u>	<u>18,317,862</u>	<u>-</u>	<u>64,514,353</u>
Capital assets, being depreciated:				
Buildings	32,128,432	-	-	32,128,432
Improvements	22,788,049	149,780	15,580	22,953,409
Infrastructure	36,894,759	23,230	-	36,917,989
Machinery	9,069,585	133,326	-	9,202,911
Vehicles	1,583,968	-	-	1,583,968
Right-to-use assets (vehicles/equip.)	475,951	28,940	(26,415)	478,476
SBITAs	187,480	-	-	187,480
Total capital assets being depreciated	<u>103,128,224</u>	<u>335,276</u>	<u>(10,835)</u>	<u>103,452,665</u>
Less accumulated depreciation:				
Buildings	(13,357,782)	(642,170)	-	(13,999,952)
Improvements	(12,725,670)	(1,177,209)	-	(13,902,879)
Infrastructure	(14,991,505)	(724,912)	-	(15,716,417)
Machinery	(8,134,919)	(355,295)	-	(8,490,214)
Vehicles	(1,132,616)	(117,752)	-	(1,250,368)
Right-to-use assets (vehicles/equip.)	(352,624)	(86,625)	26,415	(412,834)
SBITAs	(124,986)	(62,494)	-	(187,480)
Total accumulated depreciation	<u>(50,820,102)</u>	<u>(3,166,457)</u>	<u>26,415</u>	<u>(53,960,144)</u>
Net capital assets being depreciated	<u>52,308,122</u>	<u>(2,831,181)</u>	<u>15,580</u>	<u>49,492,521</u>
Total Capital Assets	\$ 98,504,613	\$ 15,486,681	\$ 15,580	\$ 114,006,874

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Depreciation was charged to business-type functions as follows:

Water and sewer	\$	2,451,141
Airport		715,316
Total Business-Type Activities Depreciation Expense	\$	<u>3,166,457</u>

A summary of changes in the Mount Pleasant Economic 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	\$ 1,084,625	\$ 1,233,508	\$ -	\$ 2,318,133
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>1,084,625</u>	<u>1,233,508</u>	<u>-</u>	<u>2,318,133</u>
Capital assets, being depreciated:				
Improvements	1,718,691	30,487	-	1,749,178
Infrastructure	2,813,841	-	-	2,813,841
Total capital assets being depreciated	<u>4,532,532</u>	<u>30,487</u>	<u>-</u>	<u>4,563,019</u>
Less accumulated depreciation				
Improvements	(1,451,889)	(95,760)	-	(1,547,649)
Infrastructure	(892,407)	(51,356)	-	(943,763)
Total accumulated depreciation	<u>(2,344,296)</u>	<u>(147,116)</u>	<u>-</u>	<u>(2,491,412)</u>
Net capital assets being depreciated	<u>2,188,236</u>	<u>(116,629)</u>	<u>-</u>	<u>2,071,607</u>
Total capital assets	<u>\$ 3,272,861</u>	<u>\$ 1,116,879</u>	<u>\$ -</u>	<u>\$ 4,389,740</u>

City of Mount Pleasant, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2025

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>
Governmental Activities:					
Certificates of obligations	\$ 15,300,000	\$ -	\$ (180,000)	\$ 15,120,000	\$ 298,971
General obligation bonds	5,345,000	-	(270,000)	5,075,000	295,000
Tax note payable	1,956,759	-	(309,000)	1,647,759	315,000
Lease liabilities	1,001,576	72,281	(457,570)	616,287	332,842
Subscription liabilities	129,828	-	(80,807)	49,021	15,549
Note payable	167,330	-	(73,177)	94,153	46,548
Issuance premium	1,558,323	-	(166,287)	1,392,036	-
Total Govt. Activities	<u>\$ 25,458,816</u>	<u>\$ 72,281</u>	<u>\$ (1,536,841)</u>	<u>\$ 23,994,256</u>	<u>\$ 1,303,910</u>

Long-term Liabilities Due in More than One Year \$ 22,690,346

Business-Type Activities:

Revenue bonds	\$ 14,475,000	\$ -	\$ (1,235,000)	\$ 13,240,000	\$ 1,255,000
Certificates of obligations	82,405,000	-	(520,000)	81,885,000	946,029
GO refunding bonds	460,000	-	(235,000)	225,000	225,000
Issuance discount	(13,146)	-	6,570	(6,576)	-
Issuance premium	3,979,210	-	(158,391)	3,820,819	-
Note payable	443,000	-	(86,000)	357,000	87,000
Subscription liabilities	66,139	-	(66,139)	-	-
Lease liabilities	161,163	28,940	(130,139)	59,964	50,837
Total Bus.-Type Activities	<u>\$ 101,976,366</u>	<u>\$ 28,940</u>	<u>\$ (2,424,099)</u>	<u>\$ 99,581,207</u>	<u>\$ 2,563,866</u>

Long-term Liabilities Due in More than One Year \$ 97,017,341

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. Leases are collateralized by the respective assets being leased. If any default on these leases the City would forfeit the respective asset to the lessor.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

Description	Interest Rates	Maturity Date	Original Balance	Current Balance
Governmental Activities:				
2017 Combination tax & revenue cert.	4%	5/15/2038	\$ 8,440,000	\$ 7,395,000
2024 Combination Tax & Rev. Certificates	5%	5/15/2049	7,725,000	7,725,000
	Total Certificates of Obligation		<u>16,165,000</u>	<u>15,120,000</u>
2020 General Obligation Refunding Bond	2%-4%	5/15/2030	2,900,000	1,740,000
2021 General Obligation Refunding Bond	1.19%	5/15/2032	4,457,000	-
2024 General Obligation Refunding Bond	5.00%	5/15/2042	3,335,000	3,335,000
	Total General Obligation Bonds		<u>10,692,000</u>	<u>5,075,000</u>
2022 Tax Note Payable	2.06%	4/15/2029	1,996,000	1,647,759
	Total Tax Notes		<u>1,996,000</u>	<u>1,647,759</u>
Notes Payable	Various	Various	319,218	94,153
Lease liabilities	Various	Various	734,877	616,287
Subscription liabilities	Various	Various	187,479	49,021
	Total Notes Payable and Lease Liabilities		<u>1,241,574</u>	<u>759,461</u>
	Total Governmental Activities		<u>\$ 30,094,574</u>	<u>\$ 22,602,220</u>
Business-Type Activities:				
2008 Utility System Revenue Bonds	1.00%	3/15/2033	\$ 22,905,000	\$ 13,240,000
2016 General Obligation Refunding Bond	2%-2.75%	5/15/2026	7,115,000	225,000
	Total Bonds		<u>30,020,000</u>	<u>13,465,000</u>
2020 Certificates of Obligation	1.15%-4.15%	5/15/2030	3,985,000	3,645,000
2021 Combination Tax & Rev. Certificates	2.25-5%	5/15/2051	55,560,000	55,125,000
2024 Combination Tax & Rev. Certificates	5%	5/15/2049	23,115,000	23,115,000
	Total Certificates		<u>82,660,000</u>	<u>81,885,000</u>
2021 Note Payable	1.23%	11/15/2028	463,000	357,000
Lease liabilities	3.8% - 6.49%	Various	238,482	59,964
	Total Notes Payable and Lease Liabilities		<u>888,961</u>	<u>416,964</u>
	Total Business-Type Activities		<u>\$ 113,568,961</u>	<u>\$ 95,766,964</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

Governmental Activities

Year ending September 30,	General Obligation Bond		Certificates of Obligation		Tax Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 298,971	\$ 662,377	\$ 295,000	\$ 236,350	\$ 315,000	\$ 30,683
2027	310,233	651,128	320,000	224,550	322,000	24,122
2028	325,243	639,417	345,000	211,750	328,000	17,428
2029	336,505	625,154	375,000	197,950	682,759	9,408
2030	441,690	610,379	405,000	182,950	-	-
2031-2035	4,830,829	2,553,523	685,000	800,750	-	-
2036-2040	4,288,200	1,491,457	1,685,000	521,250	-	-
2041-2045	2,802,943	704,094	965,000	73,000	-	-
2046-2049	1,485,385	156,280	-	-	-	-
Total	\$ 15,120,000	\$ 8,093,809	\$ 5,075,000	\$ 2,448,550	\$ 1,647,759	\$ 81,641

Governmental Activities

Year ending September 30,	Lease Liabilities		Subscription Liabilities		Note payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 332,842	\$ 24,245	\$ 15,549	\$ 2,451	\$ 46,548	\$ 3,295
2027	170,614	9,220	16,327	1,673	47,605	2,238
2028	82,105	3,110	17,145	857	-	2,238
2029	30,726	460	-	-	-	-
Total	\$ 616,287	\$ 37,035	\$ 49,021	\$ 4,981	\$ 94,153	\$ 7,771

The net book value of governmental activities right-to-use assets as of September 30, 2025 was \$541,169. The net book value of governmental activities SBITA assets as of September 30, 2025 was \$63,411.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

Business-Type Activities				
Year ending September 30,	Certificates of Obligation &			
	Revenue Bonds		GO Refunding Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 2,201,029	\$ 2,002,842	\$ 225,000	\$ 3,578
2026	2,489,767	1,953,716	-	-
2027	2,549,757	1,723,543	-	-
2028	2,618,495	1,849,112	-	-
2029	2,943,310	1,801,934	-	-
2031-2035	15,109,171	8,260,325	-	-
2036-2040	18,466,800	6,341,767	-	-
2041-2045	23,632,057	4,066,169	-	-
2046-2050	21,474,615	1,732,405	-	-
2051	3,640,000	81,900	-	-
Total	\$ 95,125,000	\$ 29,813,713	\$ 225,000	\$ 3,578

On December 29, 2021, the City entered into a tax note payable agreement for \$463,000 with an interest rate of 1.29%. Principal payments are due in annual installments through November 2028.

Business-Type Activities		
Year ending September 30,	Tax Note Payable	
	Principal	Interest
2026	\$ 87,000	3,586
2027	89,000	2,774
2028	90,000	1,673
2029	91,000	560
Total	\$ 357,000	\$ 8,593

Business-Type Activities		
Year ending September 30,	Lease Liabilities	
	Principal	Interest
2025	\$ 50,837	\$ 1,522
2026	9,127	195
Total	\$ 59,964	\$ 1,717

The net book value of business-type activities right-to-use assets as of September 30, 2025 was \$65,642. The net book value of business-type activities SBITA assets as of September 30, 2025 was \$0.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 1,661,312	\$ 792,271	\$ (955,250)	\$ 1,498,333	\$ 955,250
Total Governmental Activities	<u>\$ 1,661,312</u>	<u>\$ 792,271</u>	<u>\$ (955,250)</u>	<u>\$ 1,498,333</u>	<u>\$ 955,250</u>
Long-term Liabilities Due in More than One Year				<u>\$ 543,083</u>	
Business-Type Activities:					
Compensated Absences	\$ 389,319	\$ 193,941	\$ (213,657)	\$ 369,603	\$ 213,657
Total Business-Type Activities	<u>\$ 389,319</u>	<u>\$ 193,941</u>	<u>\$ (213,657)</u>	<u>\$ 369,603</u>	<u>\$ 213,657</u>
Long-term Liabilities Due in More than One Year				<u>\$ 155,946</u>	
Component Unit Activities:					
Compensated Absences	\$ 51,424	\$ 2,010	\$ (10,346)	\$ 43,088	\$ 10,346
Total Component Unit Activities	<u>\$ 51,424</u>	<u>\$ 2,010</u>	<u>\$ (10,346)</u>	<u>\$ 43,088</u>	<u>\$ 10,346</u>
Long-term Liabilities Due in More than One Year				<u>\$ 32,742</u>	

F. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2025, is as follows:

<u>Due From: Receivable fund</u>	<u>Due To: Payable fund</u>					<u>Total</u>
	<u>General</u>	<u>Street</u>	<u>Park Improv.</u>	<u>Nonmajor Govt.</u>	<u>Airport</u>	
General	\$ -	\$ 437,776	\$ 2,083,280	\$ 51,683	\$ 46,688	\$ 2,619,427
Water and Sewer	444,349	-	-	476,212	-	920,561
Total	<u>\$ 444,349</u>	<u>\$ 437,776</u>	<u>\$ 2,083,280</u>	<u>\$ 527,895</u>	<u>\$ 46,688</u>	<u>\$ 3,539,988</u>

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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

G. Interfund Transactions

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

Transfer Out:	Transfer In:				Total
	General	Street	Nonmajor Governmental	Airport	
General	\$ -	\$ -	\$ 617,105	\$ -	\$ 617,105
Nonmajor govt.	72	-	-	1,546,847	1,546,919
Govt. activities	*	-	-	15,580	* 15,580
Water and Sewer	900,000	400,002	173,286	8,058	1,481,346
Total	\$ 900,072	\$ 400,002	\$ 790,391	\$ 1,570,485	\$ 3,660,950

*Represents the amount of capital assets transferred from governmental activities during the year.

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:

	Governmental Funds		Proprietary Funds
	Restricted	Assigned	Restricted
Debt service	\$ 371,051	\$ -	\$ 2,292,154
Community improvements	461,636	-	-
Insurance	364,357	-	-
Cemetery	41,547	-	-
Development	114,501	-	-
Capital projects	7,936,977	-	-
Public safety	4,212	*	-
Public safety	-	318,905	-
Library	-	44,748	-
Total	\$ 9,294,281	\$ 363,653	\$ 2,292,154

*Restricted by enabling legislation

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 not anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service’s rules and regulations if indicated.

D. Construction Commitments

As of September 30, 2025, the City had the following contractual construction commitments:

Project	Remaining Commitment
West Loop Waste water line	\$ 1,613,259
Wastewater Treatment Plant	5,540,466
LBS WP & Pump Station	282,556
Industrial Park south lift station upgrade	165,191
Total	\$ 7,601,472

E. Pension Plans

Texas Municipal Retirement Systems

1. Plan Description

The City participates as one of 938 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 Annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

2. Benefits Provided

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

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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 2024</u>	<u>Plan Year 2023</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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	106
Active employees	174
Total	395

3. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.19% and 15.56% in calendar years

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$1,908,286, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024 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 110% of the Public Safety table used for males and 100% of 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% 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. The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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, Gabriel, Roeder, Smith & Company (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 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
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, \$9,912,744 is related to the primary government and \$136,471 is attributable to the discretely presented component unit.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
 September 30, 2025

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%
\$ 16,425,724	\$ 7,030,622	\$ (636,502)

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 226,137	\$ 96,792	\$ (8,763)

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 16,651,861	\$ 7,127,414	\$ (645,265)

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Total Net Pension Liability	Primary Government	Component Unit
Balance at 12/31/23	\$ 54,446,948	\$ 44,397,732	\$ 8,184,909	\$ 8,073,756	\$ 111,153
Changes for the year:					
Service cost	2,238,446	-	2,238,446	2,208,047	30,399
Interest	3,981,611	-	3,981,611	3,927,540	54,071
Difference between expected and actual experience	812,367	-	812,367	801,335	11,032
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	1,948,537	(1,948,537)	(1,922,075)	(26,462)
Contributions – employee	-	897,944	(897,944)	(885,750)	(12,194)
Net investment income	-	5,278,024	(5,278,024)	(5,206,347)	(71,677)
Benefit payments, including refunds of emp. contributions	(2,065,851)	(2,065,851)	-	-	-
Administrative expense	-	(33,796)	33,796	33,337	459
Other changes	-	(790)	790	779	11
Net changes	4,966,573	6,024,068	(1,057,495)	(1,043,134)	(14,361)
Balance at 12/31/24	\$ 59,413,521	\$ 50,421,800	\$ 7,127,414	\$ 7,030,622	\$ 96,792

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2025, the City recognized pension expense of \$2,509,533. Of this amount, \$2,475,453 is related to the primary government and \$34,080 is attributable to the discretely presented component unit.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	\$ -	\$ (637,479)
Differences between expected and actual economic experience	1,109,758	-
Changes in assumptions		(215,773)
Contributions subsequent to the measurement date	1,427,008	-
Component Unit:		
Difference between projected and actual investment earnings	-	(8,776)
Differences between expected and actual economic experience	15,278	-
Changes in assumptions		(2,971)
Contributions subsequent to the measurement date	19,647	-
Total	\$ 2,571,691	\$ (864,999)

The primary government and component unit reported \$1,427,008 and \$19,646, 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, 2026.

	Primary Government	Discretely Presented Component Unit	Total
Year ended December 31:			
2025	\$ 385,480	\$ 5,307	\$ 390,787
2026	770,041	10,601	780,642
2027	(595,887)	(8,204)	(604,091)
2028	(303,128)	(4,173)	(307,301)
2029	-	-	-
Thereafter	-	-	-
	\$ 256,506	\$ 3,531	\$ 260,037

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	31
Active employees	174
Total	271

The City’s contributions to the TMRS SDBF for the years ended 2024, and 2025 were \$12,418 and \$11,103, 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
2023	0.11%	0.11%	100.0%
2024	0.09%	0.09%	100.0%
2025	0.09%	0.09%	100.0%

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	4.08%
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 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

The following presents the OPEB liability of the City, calculated using the discount rate of 4.08%, 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 (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

Primary Government

1% Decrease	Current Single Rate	1% Increase
3.08%	Assumption 4.08%	5.08%
\$ 526,376	\$ 441,309	\$ 374,360

Component Unit

1% Decrease	Current Single Rate	1% Increase
3.08%	Assumption 4.08%	5.08%
\$ 7,246	\$ 6,075	\$ 5,153

Total

1% Decrease	Current Single Rate	1% Increase
3.08%	Assumption 4.08%	5.08%
\$ 533,622	\$ 447,384	\$ 379,513

Changes in the Total OPEB Liability:

	Total OPEB Liability	Component Unit	Primary Government
Balance at 12/31/23	\$ 440,980	\$ 5,988	\$ 434,992
Changes for the year:			
Service Cost	21,807	296	21,511
Interest	16,818	228	16,590
Difference between expected and actual experience	3,761	51	3,710
Changes of assumptions	(24,437)	(332)	(24,105)
Benefit payments	(11,545)	(157)	(11,388)
Net changes	6,404	87	6,317
Balance at 12/31/24	\$ 447,384	\$ 6,075	\$ 441,309

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$14,669. Of this amount, \$14,470 is related to the primary government and \$199 is attributable to the discretely presented component unit.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Contributions subsequent to measurement date	\$ 8,254	\$ -
Difference in experience	-	(30,976)
Change in assumptions	-	(85,701)
Component Unit:		
Contributions subsequent to measurement date	114	-
Difference in experience	-	(426)
Change in assumptions	-	(1,181)
Total	\$ 8,368	\$ (118,284)

The primary government and component unit reported \$8,254 and \$114, 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, 2026.

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

	Primary Government	Discretely Presented Component Unit	Total
Year ended December 31:			
2025	\$ (29,292)	\$ (404)	\$ (29,696)
2026	(43,457)	(598)	(44,055)
2027	(38,628)	(532)	(39,160)
2028	(1,376)	(19)	(1,395)
2029	(3,295)	(45)	(3,340)
Thereafter	(629)	(9)	(638)
	\$ (116,677)	\$ (1,607)	\$ (118,284)

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

F. Other Post-Employment Benefits

Health Care Benefit Provided by Plan

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.77%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2025.

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 4.77%, 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 (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

Primary Government

1% Decrease	Current Single Rate	1% Increase
3.06%	Assumption 4.06%	5.06%
\$ 1,542,480	\$ 1,402,295	\$ 1,277,413

Component Unit

1% Decrease	Current Single Rate	1% Increase
3.06%	Assumption 4.06%	5.06%
\$ 15,448	\$ 14,044	\$ 12,793

Total

1% Decrease	Current Single Rate	1% Increase
3.06%	Assumption 4.06%	5.06%
\$ 1,557,928	\$ 1,416,339	\$ 1,290,206

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Healthcare Cost Trend

Primary Government

1% Decrease 3.50%	Current Single Rate Assumption 4.50%	1% Increase 5.50%
\$ 1,264,169	\$ 1,402,295	\$ 1,567,062

Component Unit

1% Decrease 3.50%	Current Single Rate Assumption 4.50%	1% Increase 5.50%
\$ 12,661	\$ 14,044	\$ 15,694

Total

1% Decrease 3.50%	Current Single Rate Assumption 4.50%	1% Increase 5.50%
\$ 1,276,830	\$ 1,416,339	\$ 1,582,756

Changes in the Total OPEB Liability

	Total OPEB Liability	Component Unit	Primary Government
Balance at 9/30/2023	\$ 1,314,317	\$ 13,032	\$ 1,301,285
Changes for the year:			
Service Cost	85,109	844	84,265
Interest	56,023	556	55,467
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments	(39,110)	(388)	(38,722)
Net changes	102,022	1,012	101,010
Balance at 9/30/2024	\$ 1,416,339	\$ 14,044	\$ 1,402,295

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$182,117. Of this amount, \$180,311 is related to the primary government and \$1,806 is attributable to the discretely presented component unit.

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

Employees covered by benefit terms

At the September 30, 2024 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 & Spouse</u>
Inactive employees or beneficiaries currently receiving benefits	1	-
Active employees	103	58
Total	104	57

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, 2024, uses the mortality table: RPH-2014 Total Table with Projection MP-2021.

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 2024 actuarial valuation for the development of the GASB 75 disclosures related to OPEB benefits for the year ended September 30, 2025.

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, 2025

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	4.06%
Inflation Rate	2.5%
Salary Growth	3.5%
Healthcare Cost Trend Rate (Initial/Ultimate)	4.5% for medical

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the Healthcare OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Component Unit:		
Difference in experience	\$ 2,250	\$ -
Change in assumptions	-	(45)
Primary Government:		
Difference in experience	192,687	-
Change in assumptions	-	(12,636)
Total	<u>\$ 194,937</u>	<u>\$ (12,681)</u>

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

Year ended September 30:	Primary Government	Discretely Presented Component Unit	Total
2026	\$ 40,687	\$ 298	\$ 40,985
2027	27,944	280	28,224
2028	14,233	143	14,376
2029	28,362	284	28,646
2030	36,292	363	36,655
Thereafter	32,533	837	33,370
	<u>\$ 180,051</u>	<u>\$ 2,205</u>	<u>\$ 182,256</u>

City of Mount Pleasant, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2025

G. Restatements

The City has restated the beginning net position/fund balance for governmental activities, business-type activities, the water & sewer fund, and the airport fund due to the implementation of GASB 101, *Compensated Absences*, and corrections to the prior year accumulated depreciation balance. The restatement of the beginning net position/fund balance is as follows:

	Governmental Activities
Beg. net position/fund balance, as reported	\$ 22,256,845
New Acct. Standard - GASB 101	(599,922)
Restated beginning net position	\$ 21,656,923

	Business-Type Activities	Water & Sewer	Airport
Beg. net position/fund balance, as reported	\$ 41,453,222	\$ 34,411,841	\$ 7,041,381
New Acct. Standard - GASB 101	(151,924)	(167,904)	15,980
Correction to prior year accumulated depreciation	663,742	663,742	-
Restated beginning net position	\$ 41,965,040	\$ 34,907,679	\$ 7,057,361

H. Subsequent Events

There were no material subsequent events through May 12, 2026, the date the financial statements were available to be issued.

I. New Accounting Standards

The City adopted GASB 101, *Compensated Absences*, during the year. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a “full accrual” basis). A liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

This standard was applied retroactively and resulted in a sick leave liability of \$751,846, which was included within compensated absences as of September 30, 2024.

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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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 4,539,526	\$ 4,539,526	\$ 4,507,109	\$ (32,417)
Sales tax	6,859,455	6,859,455	6,451,200	(408,255)
Mixed beverage tax	34,300	34,300	38,457	4,157
Franchise and local taxes	140,000	140,000	92,306	(47,694)
License and permits	354,500	354,500	459,774	105,274
Charges for services	840,000	840,000	884,559	44,559
Intergovernmental revenue	2,800	2,800	69,972	67,172
Fines and forfeitures	671,500	671,500	548,759	(122,741)
Investment income	130,000	130,000	105,676	(24,324)
Royalties	1,250,000	1,250,000	1,070,137	(179,863)
Other revenues	177,500	534,049	633,347	99,298
Total Revenues	14,999,581	15,356,130	14,861,296	(494,834)
<u>Expenditures</u>				
Current:				
General government	2,089,965	2,059,265	2,107,382	(48,117)
Public safety	10,196,112	10,337,511	10,217,300	120,211
Building maintenance	241,296	256,696	228,227	28,469
Public works	610,599	606,049	545,736	60,313
Parks and recreation	1,501,436	1,501,436	1,308,843	192,593
Library	611,246	611,246	578,096	33,150
Capital outlay	-	210,000	79,534	130,466
Debt service:				
Principal	-	-	117,514	(117,514)
Interest and fiscal charges	-	-	9,957	(9,957)
Total Expenditures	15,250,654	15,582,203	15,192,589	389,614
Revenues Over (Under)				
Expenditures	(251,073)	(226,073)	(331,293)	(105,220)

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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	\$ 900,000	\$ 900,000	\$ 900,072	\$ 72
Transfers (out)	(592,100)	(617,100)	(617,105)	(5)
Total Other Financing Sources (Uses)	<u>307,900</u>	<u>282,900</u>	<u>282,967</u>	<u>67</u>
Net Change in Fund Balance	<u>\$ 56,827</u>	<u>\$ 56,827</u>	<u>(48,326)</u>	<u>\$ (105,153)</u>
Beginning fund balance			<u>3,455,961</u>	
Ending Fund Balance			<u><u>\$ 3,407,635</u></u>	

Notes to Required Supplementary Information

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

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,

	¹ 2024	2023	2022	2021
Total pension liability				
Service cost	\$ 2,238,446	\$ 2,138,443	\$ 1,874,819	\$ 1,662,375
Interest	3,981,611	3,692,323	3,404,596	3,112,315
Differences between expected and actual experience	812,367	674,273	484,957	1,045,824
Changes of assumptions	-	(421,286)	-	-
Benefit payments, including refunds of participant contributions	(2,065,851)	(1,630,162)	(1,636,944)	(1,556,366)
Net change in total pension liability	4,966,573	4,453,591	4,127,428	4,264,148
Total pension liability - beginning	\$ 58,900,538	\$ 54,446,947	\$ 50,319,519	\$ 46,055,371
Total pension liability - ending (a)	\$ 63,867,111	\$ 58,900,538	\$ 54,446,947	\$ 50,319,519
Plan fiduciary net position				
Contributions - employer	\$ 1,948,537	\$ 1,940,675	\$ 1,637,012	\$ 1,448,298
Contributions - members	897,944	893,144	776,552	693,069
Net investment income	5,278,024	5,147,156	(3,438,761)	5,367,344
Benefit payments, including refunds of participant contributions	(2,065,851)	(1,630,162)	(1,636,944)	(1,556,366)
Administrative expenses	(33,796)	(32,690)	(29,723)	(24,807)
Other	(790)	(228)	35,468	170
Net change in plan fiduciary net position	6,024,068	6,317,895	(2,656,396)	5,927,708
Plan fiduciary net position - beginning	50,715,629	44,397,734	47,054,130	41,126,422
Plan fiduciary net position - ending (b)	\$ 56,739,697	\$ 50,715,629	\$ 44,397,734	\$ 47,054,130
Fund's net pension liability - ending (a) - (b)	\$ 7,127,414	\$ 8,184,909	\$ 10,049,213	\$ 3,265,389
Plan fiduciary net position as a percentage of the total pension liability	88.84%	86.10%	81.54%	93.51%
Covered payroll	\$ 12,827,768	\$ 12,759,207	\$ 11,093,605	\$ 9,900,982
Fund's net position as a percentage of covered payroll	55.56%	64.15%	90.59%	32.98%

Notes to schedule:

	2020	2019	2018	2017	2016	2015
\$	1,585,135	\$ 1,418,226	\$ 1,429,608	\$ 1,329,605	\$ 1,227,492	\$ 1,115,182
	2,906,099	2,718,098	2,516,855	2,344,212	2,180,101	2,111,839
	205,878	(13,552)	262,972	(25,061)	(1,282)	(293,769)
	-	100,803	-	-	-	160,204
	(1,804,971)	(1,238,689)	(1,206,054)	(1,076,107)	(976,083)	(1,065,821)
	2,892,141	2,984,886	3,003,381	2,572,649	2,430,228	2,027,635
\$	43,163,230	\$ 40,178,344	\$ 37,174,963	\$ 34,602,314	\$ 32,172,086	\$ 30,144,451
\$	46,055,371	\$ 43,163,230	\$ 40,178,344	\$ 37,174,963	\$ 34,602,314	\$ 32,172,086
\$	1,446,120	\$ 1,258,146	\$ 1,262,297	1,202,940	1,094,829	1,058,856
	675,758	583,632	579,795	543,965	499,271	463,831
	2,883,280	5,009,166	(981,247)	3,907,476	1,746,137	37,417
	(1,804,971)	(1,238,689)	(1,206,054)	(1,076,107)	(976,083)	(1,065,821)
	(18,638)	(28,270)	(18,947)	(20,234)	(19,713)	(22,790)
	(727)	(849)	(990)	(1,025)	(1,062)	(1,126)
	3,180,822	5,583,136	(365,146)	4,557,015	2,343,379	470,367
	37,945,600	32,362,464	32,727,610	28,170,595	25,827,216	25,356,849
\$	41,126,422	\$ 37,945,600	\$ 32,362,464	\$ 32,727,610	\$ 28,170,595	\$ 25,827,216
\$	4,928,949	\$ 5,217,630	\$ 7,815,880	\$ 4,447,353	\$ 6,431,719	\$ 6,344,870
	89.30%	87.91%	80.55%	88.04%	81.41%	80.28%
\$	9,653,686	\$ 8,337,600	\$ 8,282,780	\$ 7,770,922	\$ 7,132,436	\$ 6,626,153
	51.06%	62.58%	94.36%	57.23%	90.18%	95.75%

City of Mount Pleasant, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2025	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	\$ 1,908,286	\$ 1,985,834	\$ 1,885,663	\$ 1,599,718
Contributions in relation to the actuarially determined contribution	\$ 1,908,286	\$ 1,985,834	\$ 1,885,663	\$ 1,599,718
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered-employee payroll	\$ 12,336,312	\$ 13,068,977	\$ 12,486,421	\$ 10,862,816
Employer contributions as a percentage of covered-employee payroll	15.47%	15.20%	15.10%	14.73%

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	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2016</u>
\$ 1,433,992	\$ 1,343,731	\$ 1,267,196	\$ 1,252,188	\$ 1,104,101	\$ 1,017,114
\$ 1,433,992	\$ 1,343,731	\$ 1,267,196	\$ 1,252,188	\$ 1,104,101	\$ 1,017,114
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,738,728	\$ 8,955,953	\$ 8,377,947	\$ 8,186,857	\$ 7,132,436	\$ 6,626,153
14.72%	15.00%	15.13%	15.30%	15.48%	15.35%

City of Mount Pleasant, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended December 31,

	¹ 2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 21,807	\$ 20,414	\$ 39,937	\$ 31,683
Interest	16,818	16,582	11,816	11,828
Differences between expected and actual experience	3,761	(9,312)	(48,215)	(7,289)
Changes of assumptions	(24,437)	21,087	(214,511)	20,363
Benefit payments, including refunds of participant contributions	(11,545)	(14,035)	(9,985)	(9,901)
Net change in total OPEB liability	6,404	34,736	(220,958)	46,684
Total OPEB liability - beginning	\$ 440,980	\$ 406,244	\$ 627,202	\$ 580,518
Total OPEB liability - ending	² \$ 447,384	\$ 440,980	\$ 406,244	\$ 627,202
Covered-employee payroll	\$ 12,827,768	\$ 12,759,207	\$ 11,093,605	\$ 9,900,982
Fund's net position as a percentage of covered-employee payroll	3.49%	3.46%	3.66%	6.33%

Notes to schedule:

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

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 27,030	\$ 14,174	\$ 18,222	\$ 14,765
13,253	14,493	13,303	12,968
(10,287)	(22,420)	(6,872)	-
84,041	82,204	(30,116)	33,349
<u>(3,861)</u>	<u>(3,335)</u>	<u>(4,141)</u>	<u>(3,885)</u>
<u>110,176</u>	<u>85,116</u>	<u>(9,604)</u>	<u>57,197</u>
\$ <u>470,342</u>	\$ <u>385,226</u>	\$ <u>394,830</u>	\$ <u>337,633</u>
\$ <u>580,518</u>	\$ <u>470,342</u>	\$ <u>385,226</u>	\$ <u>394,830</u>
\$ 9,653,686	\$ 8,282,780	\$ 8,282,780	\$ 7,770,922
6.01%	5.68%	4.65%	5.08%

City of Mount Pleasant, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM RETIREE HEALTHCARE Years Ended September 30,

	¹ 2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 85,109	\$ 64,777	\$ 64,776	\$ 70,983
Interest	56,023	47,528	45,048	24,649
Differences between expected and actual experience	-	205,448	-	65,563
Changes of assumptions	-	84,507	-	(229,525)
Benefit payments, including refunds of participant contributions	(39,110)	(39,110)	(76,562)	(76,562)
Net change in total OPEB liability	<u>102,022</u>	<u>363,150</u>	<u>33,262</u>	<u>(144,892)</u>
Total OPEB liability - beginning	<u>\$ 1,314,317</u>	<u>\$ 951,167</u>	<u>\$ 917,905</u>	<u>\$ 1,062,797</u>
Total OPEB liability - ending	<u>² \$ 1,416,339</u>	<u>\$ 1,314,317</u>	<u>\$ 951,167</u>	<u>\$ 917,905</u>
Covered-employee payroll	\$ 10,069,433	\$ 10,069,433	\$ 10,537,764	\$ 10,537,764
Fund's net position as a percentage of covered-employee payroll	14.07%	13.05%	9.03%	8.71%

Notes to schedule:

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$	70,983	\$ 57,160	\$ 57,162	\$ 54,440
	24,202	34,289	31,781	30,878
	-	56,912	-	-
	-	143,199	-	-
	<u>(74,199)</u>	<u>(74,277)</u>	<u>(37,217)</u>	<u>(37,219)</u>
	<u>20,986</u>	<u>217,283</u>	<u>51,726</u>	<u>48,099</u>
\$	<u>1,041,811</u>	<u>\$ 824,528</u>	<u>\$ 772,802</u>	<u>\$ 724,703</u>
\$	<u>1,062,797</u>	<u>\$ 1,041,811</u>	<u>\$ 824,528</u>	<u>\$ 772,802</u>
\$	7,044,703	\$ 8,337,600	\$ 8,282,780	\$ 7,280,738
	15.09%	12.50%	9.95%	10.61%

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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, 2025

	Special Revenue Funds			
	Debt Service	Hotel/Motel Civic Center Occupancy	Cemetery	Police Seizure
Assets				
Cash and cash equivalents	\$ 421,051	\$ 10,062	\$ 41,547	\$ 7,061
Receivables, net	53,218	46,707	1,696	-
Restricted cash	-	-	-	141,294
Prepaid	-	6,883	-	-
Total Assets	\$ 474,269	\$ 63,652	\$ 43,243	\$ 148,355
Liabilities				
Accounts payable	\$ -	\$ 20,146	\$ 1,696	\$ 144,943
Due to other funds	50,000	153,081	-	-
Total Liabilities	50,000	173,227	1,696	144,943
Deferred Inflows of Resources				
Unavailable revenue - prop. taxes	53,218	-	-	-
Total Deferred Inflows of Resources	53,218	-	-	-
Fund Balances				
Nonspendable:				
Prepays	-	6,883	-	-
Notes Receivable	-	-	-	-
Restricted for:				
Community Improvements	-	-	-	-
Capital projects	-	-	-	-
Development	-	-	-	-
Cemetery	-	-	41,547	-
Debt Service	371,051	-	-	-
Public safety	-	-	-	3,412
Insurance	-	-	-	-
Assigned to:				
Public safety	-	-	-	-
Library	-	-	-	-
Unassigned	-	(116,458)	-	-
Total Fund Balances	371,051	(109,575)	41,547	3,412
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 474,269	\$ 63,652	\$ 43,243	\$ 148,355

Special Revenue Funds

<u>Rural Development</u>	<u>Police</u>	<u>Library</u>	<u>Fireman's Relief Fund</u>	<u>PEG Funds</u>	<u>Park Improvements</u>
\$ 114,501	\$ 317,657	\$ 43,205	\$ 33	\$ 456,479	\$ -
137,512	1,248	-	-	5,124	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 252,013</u>	<u>\$ 318,905</u>	<u>\$ 43,205</u>	<u>\$ 33</u>	<u>\$ 461,603</u>	<u>\$ -</u>
\$ -	\$ -	\$ 720	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	720	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
137,512	-	-	-	-	-
-	-	-	33	461,603	-
114,501	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	318,905	-	-	-	-
-	-	42,485	-	-	-
-	-	-	-	-	-
<u>252,013</u>	<u>318,905</u>	<u>42,485</u>	<u>33</u>	<u>461,603</u>	<u>-</u>
<u>\$ 252,013</u>	<u>\$ 318,905</u>	<u>\$ 43,205</u>	<u>\$ 33</u>	<u>\$ 461,603</u>	<u>\$ -</u>

City of Mount Pleasant, Texas

COMBINING BALANCE SHEET (Continued)

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Capital Project Funds		Special Revenue Funds	
	Construction Bond	Capital Replacement	Booker T. Washington	Insurance Fund
Assets				
Cash and cash equivalents	\$ 7,568,279	\$ -	\$ 2,263	\$ 362,897
Receivables, net	394,826	4,503	-	1,460
Restricted cash	-	-	-	-
Prepaid	-	-	-	-
Total Assets	\$ 7,963,105	\$ 4,503	\$ 2,263	\$ 364,357
Liabilities				
Accounts payable	\$ 26,128	\$ -	\$ -	\$ -
Due to other funds	-	324,814	-	-
Total Liabilities	26,128	324,814	-	-
Deferred Inflows of Resources				
Unavailable revenue - prop. taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable:				
Prepays	-	-	-	-
Notes Receivable	-	-	-	-
Restricted for:				
Community improvements	-	-	-	-
Capital projects	7,936,977	-	-	-
Development	-	-	-	-
Cemetery	-	-	-	-
Debt Service	-	-	-	-
Public safety	-	-	-	-
Insurance	-	-	-	364,357
Assigned to:				
Public safety	-	-	-	-
Library	-	-	2,263	-
Unassigned	-	(320,311)	-	-
Total Fund Balances	7,936,977	(320,311)	2,263	364,357
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 7,963,105	\$ 4,503	\$ 2,263	\$ 364,357

<u>Special Revenue</u>		
<u>Court Special Revenue</u>		<u>Total Nonmajor Governmental</u>
\$ 800		\$ 9,345,835
-		646,294
-		141,294
-		6,883
<u>\$ 800</u>		<u>\$ 10,140,306</u>
\$ -		\$ 193,633
-		527,895
<u>-</u>		<u>721,528</u>
-		53,218
<u>-</u>		<u>53,218</u>
-		6,883
-		137,512
-		461,636
-		7,936,977
-		114,501
-		41,547
-		371,051
800		4,212
-		364,357
-		318,905
-		44,748
-		(436,769)
<u>800</u>		<u>9,365,560</u>
<u>\$ 800</u>		<u>\$ 10,140,306</u>

City of Mount Pleasant, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	Debt Service	Special Revenue Funds		
		Hotel/Motel Civic Center Occupancy	Cemetery	Police Seizure
Revenues				
Taxes:				
Property	\$ 1,294,414	\$ -	\$ 41,835	\$ -
Hotel	-	690,430	-	-
Utility franchise fees	-	-	-	-
Donations	-	-	-	-
Investment income	19,362	-	-	57
Intergovernmental revenue	-	-	-	-
Other revenue	-	99,668	-	-
Total Revenues	1,313,776	790,098	41,835	57
Expenditures				
General government	12,831	374,270	40,962	-
Public safety	-	-	-	16,972
Culture and recreation	-	501,685	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	759,000	-	-	-
Interest and fiscal charges	995,302	-	-	-
Total Expenditures	1,767,133	875,955	40,962	16,972
Revenues Over (Under) Expenditures	(453,357)	(85,857)	873	(16,915)
Other Financing Sources (Uses)				
Transfers in	-	17,704	-	-
Transfers (out)	(17,206)	-	-	-
Sale of capital assets	-	-	15,385	-
Lease related issuance	-	-	-	-
Total Other Financing Sources (Uses)	(17,206)	17,704	15,385	-
Net Change in Fund Balances	(470,563)	(68,153)	16,258	(16,915)
Beg. fund balances, as prev. stated	841,614	(41,422)	25,289	20,327
Change in financial reporting (nonmajor to major)	-	-	-	-
Beg. fund balances, as restated	841,614	(41,422)	25,289	20,327
Ending Fund Balances	\$ 371,051	\$ (109,575)	\$ 41,547	\$ 3,412

Special Revenue Funds

<u>Rural Development</u>	<u>Police</u>	<u>Library</u>	<u>Fireman's Relief Fund</u>	<u>PEG Funds</u>	<u>Park Improvements</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	19,929	-
-	16,142	38,700	-	-	-
10,340	948	-	-	12,337	-
-	17,438	-	-	-	-
-	23,649	-	-	-	-
<u>10,340</u>	<u>58,177</u>	<u>38,700</u>	<u>-</u>	<u>32,266</u>	<u>-</u>
-	-	-	-	-	-
-	29,356	-	500	-	-
-	-	12,924	-	-	-
-	-	6,688	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>29,356</u>	<u>19,612</u>	<u>500</u>	<u>-</u>	<u>-</u>
10,340	28,821	19,088	(500)	32,266	-
-	-	-	500	-	-
-	-	(72)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>(72)</u>	<u>500</u>	<u>-</u>	<u>-</u>
10,340	28,821	19,016	-	32,266	-
241,673	290,084	23,469	33	429,337	(16,976)
-	-	-	-	-	16,976
<u>241,673</u>	<u>290,084</u>	<u>23,469</u>	<u>33</u>	<u>429,337</u>	<u>-</u>
<u>\$ 252,013</u>	<u>\$ 318,905</u>	<u>\$ 42,485</u>	<u>\$ 33</u>	<u>\$ 461,603</u>	<u>\$ -</u>

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, 2025

	<u>Capital Project Funds</u>		<u>Special Revenue Funds</u>	
	<u>Construction Bond</u>	<u>Capital Replacement</u>	<u>Booker T. Washington</u>	<u>Insurance Fund</u>
Revenues				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Hotel	-	-	-	-
Utility franchise fees	-	-	-	-
Donations	-	-	-	-
Investment income	374,674	-	-	-
Intergovernmental revenue	1,402,172	-	-	5,196
Other revenue	-	-	-	-
Total Revenues	<u>1,776,846</u>	<u>-</u>	<u>-</u>	<u>5,196</u>
Expenditures				
General government	-	181,589	-	233,865
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	689,189	72,281	-	-
Debt service:				
Principal	-	494,040	-	-
Interest and fiscal charges	-	53,087	-	-
Total Expenditures	<u>689,189</u>	<u>800,997</u>	<u>-</u>	<u>233,865</u>
Revenues Over (Under) Expenditures	<u>1,087,657</u>	<u>(800,997)</u>	<u>-</u>	<u>(228,669)</u>
Other Financing Sources (Uses)				
Transfers in	-	500,386	-	271,801
Transfers (out)	(1,529,641)	-	-	-
Sale of capital assets	-	24,052	-	-
Lease related issuance	-	72,281	-	-
Total Other Financing Sources (Uses)	<u>(1,529,641)</u>	<u>596,719</u>	<u>-</u>	<u>271,801</u>
Net Change in Fund Balances	<u>(441,984)</u>	<u>(204,278)</u>	<u>-</u>	<u>43,132</u>
Beg. fund balances, as prev. stated	8,378,961	(116,033)	2,263	321,225
Change in financial reporting (nonmajor to major)	-	-	-	-
Beg. fund balances, as restated	8,378,961	(116,033)	2,263	321,225
Ending Fund Balances	<u>\$ 7,936,977</u>	<u>\$ (320,311)</u>	<u>\$ 2,263</u>	<u>\$ 364,357</u>

<u>Special Revenue</u>		
<u>Court Special Revenue</u>		<u>Total Nonmajor Governmental</u>
\$ -	\$	1,336,249
-		690,430
-		19,929
-		54,842
-		417,718
-		1,424,806
800		124,117
<u>800</u>		<u>4,068,091</u>
-		843,517
-		46,828
-		514,609
-		768,158
-		1,253,040
-		1,048,389
-		<u>4,474,541</u>
800		<u>(406,450)</u>
-		790,391
-		(1,546,919)
-		39,437
-		72,281
-		<u>(644,810)</u>
800		<u>(1,051,260)</u>
-		10,399,844
-		16,976
-		10,416,820
<u>\$ 800</u>	<u>\$</u>	<u>9,365,560</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, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Franchise tax	\$ 1,310,000	\$ 1,391,002	\$ 81,002
Investment income	32,000	31,172	(828)
Other revenues	-	133,287	133,287
Total Revenues	1,342,000	1,555,461	213,461
<u>Expenditures</u>			
Current:			
Public works	1,452,526	1,201,064	251,462
Capital outlay	85,000	82,120	2,880
Total Expenditures	1,537,526	1,283,184	254,342
Revenues Over (Under) Expenditures	(195,526)	272,277	467,803
<u>Other Financing Sources (Uses)</u>			
Transfers in	400,000	400,002	2
Total Other Financing Sources (Uses)	400,000	400,002	2
Net Change in Fund Balance	\$ 204,474	672,279	\$ 467,805
Beginning fund balance		(3,513)	
Ending Fund Balance		\$ 668,766	

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
CONSTRUCTION BOND FUND
For the Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Revenue	\$ -	\$ 85,916	-	\$ (85,916)
Investment income	360,000	360,000	374,674	14,674
Other revenue	-	1,632,401	1,402,172	(230,229)
Total Revenues	360,000	2,078,317	1,776,846	(301,471)
<u>Expenditures</u>				
Current:				
Capital outlay	7,062,541	8,780,857	689,189	8,091,668
Total Expenditures	7,062,541	8,780,857	689,189	8,091,668
Revenues Over (Under) Expenditures	(6,702,541)	(6,702,540)	1,087,657	7,790,197
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	(1,529,641)	(1,529,641)
Bond proceeds	8,500,000	8,500,000	-	(8,500,000)
Total Other Financing Sources (Uses)	8,500,000	8,500,000	(1,529,641)	(10,029,641)
Net Change in Fund Balance	1,797,459	\$ 1,797,460	(441,984)	\$ (2,239,444)
Beginning fund balance			8,378,961	
Ending Fund Balance			\$ 7,936,977	

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, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Taxes:			
Property	\$ 1,264,600	\$ 1,294,414	\$ 29,814
Investment income	20,000	19,362	(638)
Total Revenues	1,284,600	1,313,776	29,176
<u>Expenditures</u>			
Current:			
General government	5,000	12,831	(7,831)
Debt service:			
Principal	759,000	759,000	-
Interest and fiscal charges	1,012,509	995,302	17,207
Total Expenditures	1,776,509	1,767,133	9,376 *
Revenues Over (Under) Expenditures	(491,909)	(453,357)	38,552
<u>Other Financing Sources (Uses)</u>			
Transfers (out)	-	(17,206)	(17,206) *
Total Other Financing Sources (Uses)	-	(17,206)	(17,206)
Net Change in Fund Balance	\$ (491,909)	(470,563)	\$ 21,346
Beginning fund balance		841,614	
Ending Fund Balance		\$ 371,051	

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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Taxes:				
Hotel	\$ 855,000	\$ 855,000	\$ 690,430	\$ (164,570)
Other revenues	115,000	115,000	99,668	(15,332)
Total Revenues	<u>970,000</u>	<u>970,000</u>	<u>790,098</u>	<u>(179,902)</u>
<u>Expenditures</u>				
Current:				
General government	429,027	454,027	374,270	79,757
Culture and recreation	496,865	496,865	501,685	(4,820)
Total Expenditures	<u>925,892</u>	<u>950,892</u>	<u>875,955</u>	<u>74,937</u>
Revenues Over (Under) Expenditures	<u>44,108</u>	<u>19,108</u>	<u>(85,857)</u>	<u>(104,965)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	17,704	17,704	-
Transfers (out)	(7,296)	-	-	-
Total Other Financing Sources (Uses)	<u>(7,296)</u>	<u>17,704</u>	<u>17,704</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 36,812</u>	<u>\$ 36,812</u>	<u>(68,153)</u>	<u>\$ (104,965)</u>
Beginning fund balance			(41,422)	
Ending Fund Balance			<u>\$ (109,575)</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
CEMETERY
For the Year Ended September 30, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Taxes:			
Property	\$ 36,025	\$ 41,835	\$ 5,810
Total Revenues	36,025	41,835	5,810
<u>Expenditures</u>			
Current:			
General government	59,025	40,962	18,063
Total Expenditures	59,025	40,962	18,063
Revenues Over (Under) Expenditures	(23,000)	873	23,873
<u>Other Financing Sources (Uses)</u>			
Proceeds from sale of assets	25,000	15,385	(9,615)
Total Other Financing Sources (Uses)	25,000	15,385	(9,615)
Net Change in Fund Balance	\$ 2,000	16,258	\$ 14,258
Beginning fund balance		25,289	
Ending Fund Balance		\$ 41,547	

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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Donations	\$ 5,000	\$ 40,845	\$ 38,700	\$ (2,145)
Other revenues	20,521	20,521	-	(20,521)
Total Revenues	<u>25,521</u>	<u>61,366</u>	<u>38,700</u>	<u>(22,666)</u>
<u>Expenditures</u>				
Current:				
Culture and recreation	-	35,845	12,924	22,921
Capital outlay	25,000	25,000	6,688	18,312
Total Expenditures	<u>25,000</u>	<u>60,845</u>	<u>19,612</u>	<u>41,233</u>
	<u>521</u>	<u>521</u>	<u>19,088</u>	<u>18,567</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	(72)	(72)
Net Change in Fund Balance	<u>\$ 521</u>	<u>\$ 521</u>	19,016	<u>\$ 18,495</u>
Beginning fund balance			23,469	
Ending Fund Balance			<u>\$ 42,485</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, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Franchise fees	\$ 23,050	\$ 19,929	\$ (3,121)
Investment income	14,400	12,337	(2,063)
Total Revenues	37,450	32,266	(5,184)
Net Change in Fund Balance	\$ 37,450	32,266	\$ (5,184)
Beginning fund balance		429,337	
Ending Fund Balance		\$ 461,603	

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
CAPITAL REPLACEMENT FUND
For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Other revenues	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
<u>Expenditures</u>				
Current:				
General government	-	-	181,589	(181,589)
Debt service:				
Principal	679,450	679,450	494,040	185,410
Interest and fiscal charges	-	-	53,087	(53,087)
Capital outlay	-	-	72,281	(72,281)
Total Expenditures	<u>679,450</u>	<u>679,450</u>	<u>800,997</u>	<u>(121,547) *</u>
Revenues Over (Under) Expenditures	<u>(649,450)</u>	<u>(649,450)</u>	<u>(800,997)</u>	<u>(151,547)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	599,600	599,600	500,386	(99,214)
Sale of capital assets	50,000	50,000	24,052	(25,948)
Lease related issuance	-	-	72,281	72,281
Total Other Financing Sources (Uses)	<u>649,600</u>	<u>649,600</u>	<u>596,719</u>	<u>(52,881)</u>
Net Change in Fund Balance	<u>\$ 150</u>	<u>\$ 150</u>	<u>(204,278)</u>	<u>\$ (204,428)</u>
Beginning fund balance			<u>(116,033)</u>	
Ending Fund Balance			<u>\$ (320,311)</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
PARK IMPROVEMENTS
For the Year Ended September 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Investment income	\$ 15,000	\$ 15,000	\$ 3,188	\$ (11,812)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>3,188</u>	<u>(11,812)</u>
<u>Expenditures</u>				
Capital outlay	34,242	34,242	-	34,242
Total Expenditures	<u>34,242</u>	<u>34,242</u>	<u>-</u>	<u>34,242</u>
Net Change in Fund Balance	<u>\$ (19,242)</u>	<u>\$ (19,242)</u>	3,188	<u>\$ 22,430</u>
Beginning fund balance			(16,976)	
Ending Fund Balance			<u>\$ (13,788)</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
INSURANCE FUND
For the Year Ended September 30, 2025

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Intergovernmental	\$ -	\$ 5,196	\$ 5,196
Total Revenues	<u>-</u>	<u>5,196</u>	<u>5,196</u>
<u>Expenditures</u>			
Current:			
General government	277,000	233,865	43,135
Total Expenditures	<u>277,000</u>	<u>233,865</u>	<u>43,135</u>
Revenues Over (Under) Expenditures	<u>(277,000)</u>	<u>(228,669)</u>	<u>48,331</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	277,000	271,801	(5,199)
Total Other Financing Sources (Uses)	<u>277,000</u>	<u>271,801</u>	<u>(5,199)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>43,132</u>	<u>\$ 43,132</u>
Beginning fund balance		<u>321,225</u>	
Ending Fund Balance		<u>\$ 364,357</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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Investment income	\$ -	\$ -	\$ 57	\$ 57
Other revenues	-	119,900	-	(119,900)
Total Revenues	<u>-</u>	<u>119,900</u>	<u>57</u>	<u>(119,843)</u>
<u>Expenditures</u>				
Current:				
Public safety	39,000	158,900	16,972	141,928
Total Expenditures	<u>39,000</u>	<u>158,900</u>	<u>16,972</u>	<u>141,928</u>
Revenues Over (Under) Expenditures	<u>(39,000)</u>	<u>(39,000)</u>	<u>(16,915)</u>	<u>22,085</u>
Net Change in Fund Balance	<u>\$ (39,000)</u>	<u>\$ (39,000)</u>	<u>(16,915)</u>	<u>\$ 22,085</u>
Beginning fund balance			20,327	
Ending Fund Balance			<u>\$ 3,412</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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Donations	\$ -	\$ 16,140	\$ 16,142	\$ 2
Investment income	-	-	948	948
Intergovernmental revenue	2,400	8,266	17,438	9,172
Other revenue	-	25,915	23,649	(2,266)
Total Revenues	<u>2,400</u>	<u>50,321</u>	<u>58,177</u>	<u>7,856</u>
<u>Expenditures</u>				
Current:				
Public safety	12,000	195,258	29,356	165,902
Total Expenditures	<u>12,000</u>	<u>195,258</u>	<u>29,356</u>	<u>165,902</u>
Revenues Over (Under) Expenditures	<u>(9,600)</u>	<u>(144,937)</u>	<u>28,821</u>	<u>173,758</u>
Net Change in Fund Balance	<u>\$ (9,600)</u>	<u>\$ (144,937)</u>	<u>28,821</u>	<u>\$ 173,758</u>
Beginning fund balance			<u>290,084</u>	
Ending Fund Balance			<u>\$ 318,905</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, 2025

		Economic Development District
<u>Assets</u>		
Cash and cash equivalents	\$	7,534,436
Receivables, net		604,388
Prepaid		1,229
Total Assets	\$	8,140,053
 <u>Liabilities</u>		
Accounts payable	\$	107,097
Accrued liabilities		14,343
Total Liabilities		121,440
 <u>Fund Balances</u>		
Restricted for:		
Economic development		8,018,613
Total Fund Balance		8,018,613
Total Liabilities and Fund Balance	\$	8,140,053

City of Mount Pleasant, Texas

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

September 30, 2025

Fund Balance	\$ 8,018,613
 Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	2,318,133
Capital assets - net depreciable	2,071,607
 Deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Pension deferred outflows	34,925
OPEB deferred outflows - TMRS	114
OPEB deferred outflows - Healthcare	2,250
 Deferred inflows of resources, represents an acquisition of net assets 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 - TMRS	(1,607)
OPEB deferred inflows - Healthcare	(45)
Pension deferred inflows	(11,747)
 Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Net pension liability	(96,792)
OPEB liability - TMRS	(6,075)
OPEB liability - Healthcare	(14,044)
Compensated absences	(43,088)
Net Position of the Discretely Presented Component Unit	\$ 12,272,244

City of Mount Pleasant, Texas

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

For the Year Ended September 30, 2025

	Economic Development District
<u>Revenues</u>	
Sales tax	\$ 2,142,726
Investment income	210,583
Other revenues	1,491,663
Total Revenues	3,844,972
 <u>Expenditures</u>	
Current:	
Economic Development	5,117,505
Total Expenditures	5,117,505
Total Revenues	
Over (Under) Expenditures	(1,272,533)
Net Change in Fund Balance	(1,272,533)
Beginning fund balance	9,291,146
Ending Fund Balance	\$ 8,018,613

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, 2025

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

Net changes in fund balance	\$ (1,272,533)
-----------------------------	----------------

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	1,263,995
Depreciation expense	(147,116)

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	(8,165)
OPEB expense	718
Compensated absences	8,336
Change in Net Position of the Discretely Presented Component Unit	\$ (154,765)

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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

	2016	2017	2018	2019
Governmental Activities				
Net investment in				
capital assets	\$ 19,049,789	\$ 19,752,903	\$ 14,140,261	\$ 22,431,539
Restricted	1,501,525	2,770,138	7,765,128	1,163,916
Unrestricted	1,664,655	(2,138,823)	(559,188)	(1,227,968)
Total Governmental				
Net Position	\$ 22,215,969	\$ 20,384,218	\$ 21,346,201	\$ 22,367,487
Business-type Activities				
Net investment in				
capital assets	\$ 42,429,776	\$ 40,163,100	\$ 40,598,234	\$ 40,351,700
Restricted	1,655,002	1,839,739	170,596	-
Unrestricted	481,429	1,476,233	3,245,106	4,343,063
Total Business-type Activities Net	\$ 44,566,207	\$ 43,479,072	\$ 44,013,936	\$ 44,694,763
Primary Government				
Net investment in				
capital assets	\$ 61,479,565	\$ 59,916,003	\$ 54,738,495	\$ 62,783,239
Restricted	3,156,527	4,609,877	7,935,724	1,163,916
Unrestricted	2,146,084	(662,590)	2,685,918	3,115,095
Total Primary Government	\$ 66,782,176	\$ 63,863,290	\$ 65,360,137	\$ 67,062,250

2020	2021	2022	2023	2024	2025
\$ 24,401,450	\$ 23,697,005	\$ 21,845,202	\$ 23,739,518	\$ 23,176,536	\$ 21,980,754
879,970	4,737,541	7,605,345	4,921,274	1,742,576	1,779,219
(1,458,742)	(1,644,713)	(2,493,374)	(4,317,440)	(2,662,267)	(3,171,741)
<u>\$ 23,822,678</u>	<u>\$ 26,789,833</u>	<u>\$ 26,957,173</u>	<u>\$ 24,343,352</u>	<u>\$ 22,256,845</u>	<u>\$ 20,588,232</u>
\$ 38,739,851	\$ 39,037,742	\$ 34,996,612	\$ 35,875,749	\$ 38,415,719	\$ 42,297,140
-	2,839,100	2,826,592	3,168,941	1,776,799	2,292,154
3,975,540	(1,185,646)	2,727,823	2,408,532	1,924,446	2,866,690
<u>\$ 42,715,391</u>	<u>\$ 40,691,196</u>	<u>\$ 40,551,027</u>	<u>\$ 41,453,222</u>	<u>\$ 42,116,964</u>	<u>\$ 47,455,984</u>
\$ 63,141,301	\$ 62,734,747	\$ 56,841,814	\$ 59,615,267	\$ 61,592,255	\$ 64,277,894
879,970	7,576,641	10,431,937	8,090,215	3,519,375	4,071,373
2,516,798	(2,830,359)	234,449	(1,912,156)	(737,821)	(305,051)
<u>\$ 66,538,069</u>	<u>\$ 67,481,029</u>	<u>\$ 67,508,200</u>	<u>\$ 65,793,326</u>	<u>\$ 64,373,809</u>	<u>\$ 68,044,216</u>

City of Mount Pleasant, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	\$ 2,008,181	\$ 2,327,564	\$ 3,013,630	\$ 1,653,454
Public safety	6,540,258	7,159,767	8,408,833	9,598,062
Public Services	621,795	704,173	804,786	344,203
Parks and Recreation	690,461	701,994	847,436	1,505,577
Public works	1,826,322	1,762,260	1,960,212	1,724,711
Library	611,154	668,071	-	-
Interest and fiscal charges	259,199	278,863	573,410	490,322
Total governmental activities	<u>12,557,370</u>	<u>13,602,692</u>	<u>15,608,307</u>	<u>15,316,329</u>
Business-type activities:				
Water and Sewer	9,057,408	9,534,141	9,544,722	9,580,684
Airport Fund	1,275,439	1,284,235	1,410,670	1,416,507
Civic Center	524,076	507,477	470,543	453,072
Total business-type activities	<u>10,856,923</u>	<u>11,325,853</u>	<u>11,425,935</u>	<u>11,450,263</u>
Total primary government	<u>\$ 23,414,293</u>	<u>\$ 24,928,545</u>	<u>\$ 27,034,242</u>	<u>\$ 26,766,592</u>
Governmental activities:				
Charges for services				
General government	25,078	26,992	-	1,226,820
Public safety	977,419	1,369,290	1,455,719	902,940
Public services	36,498	42,754	63,644	-
Public works	143,165	177,241	-	-
Parks and Recreation	57,559	47,675	162,361	-
Library	4,286	4,620	-	-
Operating grants/contrib.	-	-	1,142,032	157,192
Capital grants/contributions	691,059	757,224	-	432,210
Total governmental activities	<u>1,935,064</u>	<u>2,425,796</u>	<u>2,823,756</u>	<u>2,719,162</u>
Business-type activities:				
Charges for services:				
Water and sewer	9,776,518	10,353,769	11,345,594	11,707,347
Airport	897,508	840,575	805,365	839,524
Civic center	88,981	89,430	123,628	73,759
Operating grants and contrib.	27,612	7,506	26,972	-
Capital grants and contrib.	-	-	-	-
Total business-type activities	<u>10,790,619</u>	<u>11,291,280</u>	<u>12,301,559</u>	<u>12,620,630</u>
Total primary government	<u>\$ 12,725,683</u>	<u>\$ 13,717,076</u>	<u>\$ 15,125,315</u>	<u>\$ 15,339,792</u>
Net (Expense)/Revenue				
Governmental activities	\$ (10,622,306)	\$ (11,176,896)	\$ (12,784,551)	\$ (12,597,167)
Business-type activities	(66,304)	(34,573)	875,624	1,170,367
Total primary government	<u>\$ (10,688,610)</u>	<u>\$ (11,211,469)</u>	<u>\$ (11,908,927)</u>	<u>\$ (11,426,800)</u>

	2020	2021	2022	2023	2024	2025
\$	2,447,119	\$ 3,401,920	\$ 3,573,865	\$ 4,010,412	\$ 3,825,702	\$ 3,249,313
	9,349,911	9,156,779	9,406,770	11,307,258	11,034,011	11,244,441
	160,859	-	-	-	-	-
	1,610,785	1,916,968	2,910,578	3,818,884	3,441,835	2,846,688
	2,429,084	2,844,387	3,859,438	3,555,309	3,431,049	3,341,330
	-	-	-	-	-	-
	567,594	431,244	523,361	441,260	828,249	847,524
	<u>16,565,352</u>	<u>17,751,298</u>	<u>20,274,012</u>	<u>23,133,123</u>	<u>22,560,846</u>	<u>21,529,296</u>
	10,769,947	13,299,833	13,335,278	15,718,068	16,871,038	16,857,422
	1,294,688	1,355,083	1,624,193	1,783,093	1,759,274	1,748,855
	-	-	-	-	-	-
	<u>12,064,635</u>	<u>14,654,916</u>	<u>14,959,471</u>	<u>17,501,161</u>	<u>18,630,312</u>	<u>18,606,277</u>
\$	<u>28,629,987</u>	<u>\$ 32,406,214</u>	<u>\$ 35,233,483</u>	<u>\$ 40,634,284</u>	<u>\$ 41,191,158</u>	<u>\$ 40,135,573</u>
	1,287,558	1,366,827	1,439,582	1,994,377	1,864,165	1,344,333
	635,225	678,302	747,849	779,991	622,833	548,759
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	265,806	2,785,189	7,313	12,295	22,846	1,419,610
	761,462	1,400,000	2,067,701	290,635	543,082	75,168
	<u>2,950,051</u>	<u>6,230,318</u>	<u>4,262,445</u>	<u>3,077,298</u>	<u>3,052,926</u>	<u>3,387,870</u>
	11,409,873	12,240,416	14,565,579	15,373,940	16,627,416	20,008,352
	755,627	797,561	1,107,204	1,241,845	1,227,285	1,124,461
	-	-	-	-	-	-
	-	259,500	129,182	61,385	89,150	1,061,604
	-	-	-	200,000	-	-
	<u>12,165,500</u>	<u>13,297,477</u>	<u>15,801,965</u>	<u>16,877,170</u>	<u>17,943,851</u>	<u>22,194,417</u>
\$	<u>15,115,551</u>	<u>\$ 19,527,795</u>	<u>\$ 20,064,410</u>	<u>\$ 19,954,468</u>	<u>\$ 20,996,777</u>	<u>\$ 25,582,287</u>
\$	(13,615,301)	\$ (11,520,980)	\$ (16,011,567)	\$ (20,055,825)	\$ (19,507,920)	\$ (18,141,426)
	100,865	(1,357,439)	842,494	(623,991)	(686,461)	3,588,140
\$	<u>(13,514,436)</u>	<u>\$ (12,878,419)</u>	<u>\$ (15,169,073)</u>	<u>\$ (20,679,816)</u>	<u>\$ (20,194,381)</u>	<u>\$ (14,553,286)</u>

City of Mount Pleasant, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	2016	2017	2018	2019
General Revenues				
Governmental activities:				
Taxes:				
Property taxes	\$ 3,074,506	\$ 3,058,493	\$ 3,258,505	\$ 3,803,341
Sales tax	4,302,977	4,386,891	4,564,492	4,764,917
Non-Property taxes	583,520	564,708	556,741	559,262
Franchise and other taxes	1,179,533	1,164,889	1,226,097	1,183,180
Investment Income	34,226	80,535	262,404	298,847
Royalties	572,289	114,768	545,064	982,394
Other income	-	-	-	-
Gain on sale of assets	376,883	536,862	547,225	395,626
Special items	-	-	21,575	-
Transfers, net	756,116	848,173	969,895	1,259,691
Total governmental activities	<u>10,880,050</u>	<u>10,755,319</u>	<u>11,951,998</u>	<u>13,247,258</u>
Business-type activities:				
Investment Income	22,617	41,094	64,522	103,711
Miscellaneous	56,380	291,889	164,635	124,529
Intergovernmental Revenue	-	-	14,925	-
Transfers, net	(756,116)	(848,173)	(969,895)	(1,258,766)
Total business-type activities	<u>(677,119)</u>	<u>(515,190)</u>	<u>(725,813)</u>	<u>(1,030,526)</u>
Total primary government	<u>\$ 10,202,931</u>	<u>\$ 10,240,129</u>	<u>\$ 11,226,185</u>	<u>\$ 12,216,732</u>
Change in Net Position				
Governmental activities	\$ (296,846)	\$ (2,029,232)	\$ (645,169)	\$ (368,043)
Business-type activities	(711,692)	360,434	444,554	(929,661)
Total primary government	<u>\$ (1,008,538)</u>	<u>\$ (1,668,798)</u>	<u>\$ (200,615)</u>	<u>\$ (1,297,704)</u>

Source: Annual Financial Report

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$	4,108,990	\$ 4,206,268	\$ 4,336,425	\$ 5,021,107	\$ 5,647,591	\$ 5,865,629
	5,654,458	5,834,265	6,435,353	6,753,299	6,392,527	6,451,200
	-	-	723,194	821,173	795,737	690,430
	1,776,649	2,119,057	1,342,851	1,596,252	1,430,097	1,541,694
	119,081	24,211	81,218	298,843	355,402	557,754
	701,295	758,028	1,000,794	1,171,585	1,154,586	1,070,137
	485,690	410,709	606,340	391,351	442,707	985,030
	-	-	-	359,044	-	-
	-	-	-	-	-	-
	2,224,329	1,079,973	1,706,162	1,029,350	1,202,766	(89,139)
	<u>15,070,492</u>	<u>14,432,511</u>	<u>16,232,337</u>	<u>17,442,004</u>	<u>17,421,413</u>	<u>17,072,735</u>
	46,255	28,894	427,420	2,396,716	2,556,217	1,813,665
	97,837	384,323	296,079	101,357	-	-
	-	-	-	-	-	-
	(2,224,329)	(1,079,973)	(1,706,162)	(1,029,350)	(1,202,766)	89,139
	<u>(2,080,237)</u>	<u>(666,756)</u>	<u>(982,663)</u>	<u>1,468,723</u>	<u>1,353,451</u>	<u>1,902,804</u>
\$	<u>12,990,255</u>	<u>\$ 13,765,755</u>	<u>\$ 15,249,674</u>	<u>\$ 18,910,727</u>	<u>\$ 18,774,864</u>	<u>\$ 18,975,539</u>
\$	3,549,512	\$ (1,579,056)	\$ (3,823,488)	\$ (2,613,821)	\$ (2,086,507)	\$ (1,068,691)
	(3,437,676)	175,738	(1,606,654)	844,732	666,990	5,490,944
\$	<u>111,836</u>	<u>\$ (1,403,318)</u>	<u>\$ (5,430,142)</u>	<u>\$ (1,769,089)</u>	<u>\$ (1,419,517)</u>	<u>\$ 4,422,253</u>

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

Table 3

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General fund:				
Nonspendable	\$ 6,161	\$ 9,117	\$ 15,215	\$ 17,653
Committed	19,252	23,816	23,231	-
Restricted	935,860	989,632	185,934	471,762
Assigned	-	-	-	16,742
Unassigned	2,048,570	1,763,186	2,399,531	-
Total general fund	<u>\$ 3,009,843</u>	<u>\$ 2,785,751</u>	<u>\$ 2,623,911</u>	<u>\$ 506,157</u>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	474,621	503,175	7,579,194	597,807
Assigned	5,120,689	3,458,766	3,079,878	390,896
Unassigned	(118,641)	(131,511)	30,244	-
Total all other governmental funds	<u>\$ 5,476,669</u>	<u>\$ 3,830,430</u>	<u>\$ 10,689,316</u>	<u>\$ 988,703</u>

Source: Annual Financial Report

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 2,900	\$ -	\$ -	\$ 136,139	\$ 293,551	\$ 115,957
-	-	-	-	-	-
216,229	2,194,763	3,771,817	-	-	-
16,742	25,916	16,710	16,710	16,710	18,551
2,700,578	1,901,191	1,334,139	1,073,122	3,145,700	3,273,127
<u>\$ 2,936,449</u>	<u>\$ 4,121,870</u>	<u>\$ 5,122,666</u>	<u>\$ 1,225,971</u>	<u>\$ 3,455,961</u>	<u>\$ 3,407,635</u>
\$ -	\$ -	\$ -	\$ 22,055	\$ 198,566	\$ 151,558
599,477	2,701,250	4,149,773	5,074,199	10,075,963	9,294,281
355,125	2,098,251	1,033,922	402,256	315,816	363,653
(272,752)	-	(5,959)	(537,009)	(194,014)	211,046
<u>\$ 681,850</u>	<u>\$ 4,799,501</u>	<u>\$ 5,177,736</u>	<u>\$ 4,961,501</u>	<u>\$ 10,396,331</u>	<u>\$ 10,020,538</u>

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

Table 4

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues				
Property taxes	\$ 3,098,745	\$ 3,092,727	\$ 3,258,505	\$ 3,791,902
Non-Property taxes	583,520	564,708	556,741	-
Sales tax	4,302,977	4,386,891	4,564,492	4,764,917
Franchise and local taxes	1,204,611	1,191,881	1,226,097	1,183,180
Fines and Forfeitures	959,116	1,332,587	1,455,719	902,940
Licenses and Permits	68,674	102,397	63,644	76,210
Charge for Services	168,547	165,273	162,361	1,150,610
Intergovt. Revenues - local & state	610,427	693,436	1,067,447	157,192
Grants	41,381	46,289	-	-
Donations	39,250	17,499	74,585	-
Royalties	376,883	536,862	547,225	982,394
Investment Income	34,227	80,535	262,404	298,847
Miscellaneous	618,555	123,081	545,066	383,626
Total Revenues	<u>12,106,913</u>	<u>12,334,166</u>	<u>13,784,286</u>	<u>13,691,818</u>
Expenditures				
General government	1,125,153	1,011,680	1,112,784	1,527,460
Public safety	6,621,607	7,365,738	7,947,088	8,978,987
Public Works	1,306,901	1,229,536	1,285,060	1,203,105
Building maintenance	684,779	740,021	785,824	299,245
Parks and Recreation	693,048	685,938	778,350	872,699
Library	320,013	389,364	412,658	393,873
Capital Outlay	1,938,566	2,961,404	4,165,361	4,895,511
Debt service				
Principal	467,363	481,739	501,739	552,178
Interest	259,200	279,487	440,439	689,144
Bond issuance costs	-	-	764,930	-
Total Expenditures	<u>13,416,630</u>	<u>15,144,907</u>	<u>18,194,233</u>	<u>19,412,202</u>
Revenues over (under) expenditures	(1,309,717)	(2,810,741)	(4,409,947)	(5,720,384)
Other Financing Sources (Uses)				
Transfers, net	827,313	912,923	969,895	1,259,691
Debt/Lease Proceeds	-	-	8,440,000	-
Payment to escrow agent	-	-	-	-
Debt Issuance Costs	-	-	-	-
Proceeds from sale of Assets	9,049	27,487	21,575	12,000
Total other financing sources	<u>836,362</u>	<u>940,410</u>	<u>9,431,470</u>	<u>1,271,691</u>
Net Change in Fund Balances	<u>\$ (473,355)</u>	<u>\$ (1,870,331)</u>	<u>\$ 5,021,523</u>	<u>\$ (4,448,693)</u>
Ratio of total debt service expenditures to noncapital expenditures	6.33%	6.25%	12.17%	8.55%

Source: Annual Financial Report

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$	4,108,990	\$ 4,206,268	\$ 4,323,191	\$ 4,994,154	\$ 5,574,866	\$ 5,843,358
	-	-	723,194	821,173	795,737	690,430
	5,152,451	5,834,265	6,435,353	6,753,299	6,392,527	6,451,200
	2,278,656	2,119,057	1,342,851	1,596,252	1,430,097	1,541,694
	635,225	678,302	747,849	779,991	622,833	548,759
	206,254	235,768	287,177	517,789	392,932	459,774
	1,081,304	1,131,059	1,152,405	1,476,588	1,471,233	884,559
	1,459,478	4,185,189	2,075,014	302,930	545,733	1,494,778
	-	-	-	-	-	-
	-	-	-	-	-	-
	701,295	758,028	1,000,794	1,171,585	1,154,586	1,070,137
	119,081	24,211	81,218	298,843	355,402	557,754
	454,524	228,544	368,483	384,015	442,707	945,593
	<u>16,197,258</u>	<u>19,400,691</u>	<u>18,537,529</u>	<u>19,096,619</u>	<u>19,178,653</u>	<u>20,488,036</u>
	2,514,329	3,198,690	3,495,930	3,482,374	3,491,929	2,950,899
	8,865,060	8,900,566	9,042,394	10,502,943	10,508,683	10,264,128
	1,476,769	1,408,225	2,619,041	2,625,262	1,902,119	1,746,800
	131,517	-	-	203,978	215,701	228,227
	994,606	1,720,194	2,096,822	2,766,323	2,008,694	1,823,452
	421,307	446,887	497,044	598,926	639,210	578,096
	4,511,990	2,151,747	2,399,554	3,271,772	1,345,667	929,812
	741,166	740,253	1,024,270	1,304,634	4,750,097	1,370,554
	567,947	549,903	521,623	581,617	525,730	1,058,346
	142,691	-	119,186	-	206,484	-
	<u>20,367,382</u>	<u>19,116,465</u>	<u>21,815,864</u>	<u>25,337,829</u>	<u>25,594,314</u>	<u>20,950,314</u>
	(4,170,124)	284,226	(3,278,335)	(6,241,210)	(6,415,661)	(462,278)
	1,425,595	1,079,973	1,706,162	1,029,350	1,222,961	(73,559)
	3,322,054	54,090	6,930,531	721,269	615,715	72,281
	(3,215,951)	-	(4,350,000)	-	-	-
	-	-	-	-	12,167,620	-
	305,381	182,165	370,673	377,661	74,185	39,437
	<u>1,837,079</u>	<u>1,316,228</u>	<u>4,657,366</u>	<u>2,128,280</u>	<u>14,080,481</u>	<u>38,159</u>
\$	<u>(2,333,045)</u>	<u>\$ 1,600,454</u>	<u>\$ 1,379,031</u>	<u>\$ (4,112,930)</u>	<u>\$ 7,664,820</u>	<u>\$ (424,119)</u>
	8.26%	7.60%	7.96%	8.55%	21.97%	12.16%

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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
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
2022	1,143,343,939	351,335,773	330,589,105	1,164,090,607	0.3603
2023	1,337,791,808	427,457,738	395,026,366	1,370,223,180	0.3448
2024	1,712,901,025	462,437,794	484,778,006	1,690,560,813	0.3404
2025	1,809,100,781	476,821,113	495,078,864	1,790,843,030	0.3660

Tax rates per \$100 of assessed valuation.

Source: Titus County Appraisal District

City of Mount Pleasant, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

Table 6

	2016	2017	2018	2019
Direct Rates:				
City of Mount Pleasant - Operating	\$ 0.3411	\$ 0.3140	\$ 0.3135	\$ 0.3016
City of Mount Pleasant - Cemetery	-	-	-	-
City of Mount Pleasant - Debt Service	0.0026	0.0297	0.0577	0.0696
Total Direct Rate	0.3437	0.3437	0.3712	0.3712
 Overlapping Rates:				
Mount Pleasant ISD	1.2120	1.2390	1.2180	1.3400
Titus County	0.4584	0.4790	0.5085	0.4742
Total Direct and Overlapping Rates	2.0141	2.0617	2.0977	2.1854

Tax rates per \$100 of assessed valuation.

Source: Titus County Appraisal District

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 0.2980	\$ 0.2922	\$ 0.2615	\$ 0.2668	\$ 0.2624	\$ 0.2624
0.0028	0.0028	0.0028	0.0025	0.0025	0.0024
0.0698	0.0698	0.0960	0.0755	0.0755	0.0755
<u>0.3706</u>	<u>0.3648</u>	<u>0.3603</u>	<u>0.3448</u>	<u>0.3405</u>	<u>0.3404</u>
1.2917	1.2590	1.1592	0.8952	0.8857	0.8721
0.4679	0.4669	0.4263	0.3690	0.3630	0.3861
<u>2.1302</u>	<u>2.0907</u>	<u>1.9458</u>	<u>1.6090</u>	<u>1.5892</u>	<u>1.5986</u>

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City of Mount Pleasant, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year

Table 7

Property Tax Payer	Type of Business	2025		
		Taxable Assessed Value	Rank	% of Taxable Assessed Value
Pilgrims	Food Packaging/Processing	\$ 86,403,770	1	6.31%
Priefert Manufacturing Co. ACCT	Industrial Manufacturing	63,950,710	2	4.67%
Grow Bounti Northwest LLC	Controlled Environment Agriculture	33,130,376	3	2.42%
Priefert Manufacturing Co. Inc	Trailer /Industrial Manufacturing	28,806,080	4	2.10%
Newly Weds Foods	Food Packaging/Processing	26,607,650	5	1.94%
PMCI Properties II LP	Business Services	19,627,543	6	1.43%
Diamond C Trailers	Trailer /Industrial Manufacturing	18,496,000	7	1.35%
Southwestern Electric Power Co..	Electric Utility Power Plant	16,191,780	8	1.18%
Trans Texas Tire LLC	Tire / Wheel Components	15,492,230	9	1.13%
Newly Weds Foods	Food Packaging/Processing	14,488,727	10	1.06%
Total		<u>\$ 323,194,866</u>		<u>23.59%</u>
Total Assessed Valuation		<u>\$ 1,370,223,180</u>		<u>100.00%</u>

Source: Titus County Appraisal District

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax levy	\$ 3,029,813	\$ 3,119,366	\$ 3,194,376	\$ 3,768,852
Current tax collected	\$ 3,013,755	\$ 3,065,713	\$ 3,142,308	\$ 3,700,636
Percent of current tax collections	99.47%	98.28%	98.37%	98.19%
Delinquent tax collections	\$ 12,906	\$ 50,323	\$ 47,595	\$ 62,144
Total tax collections	\$ 3,026,661	\$ 3,116,036	\$ 3,189,903	\$ 3,762,780
Total collections as a percentage of levy	99.90%	99.89%	99.86%	99.84%

Source: Titus County Appraisal District/Titus County Tax Office

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$	4,086,217	\$ 4,117,800	\$ 4,214,008	\$ 4,920,902	\$ 5,525,009	\$ 5,734,926
\$	4,000,406	\$ 4,058,400	\$ 4,160,276	\$ 4,830,084	\$ 5,390,498	\$ 5,596,613
	97.90%	98.56%	98.72%	98.15%	97.57%	97.59%
\$	77,304	\$ 46,122	\$ 37,868	\$ 61,377	\$ 65,570	\$ -
\$	4,077,710	\$ 4,104,522	\$ 4,198,144	\$ 4,891,461	\$ 5,456,068	\$ 5,596,613
	99.79%	99.68%	99.62%	99.40%	98.75%	97.59%

City of Mount Pleasant, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

Table 9

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities:				
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -
Certificates of Obligation	9,986,344	9,509,488	17,365,000	16,825,000
Premiums	-	-	-	701,569
Leases/SBITA/Notes payable	-	-	-	11,166
Business-type activities:				
General Obligation Bonds	-	3,020,859	2,410,000	1,735,000
Certificates of Obligation	-	-	-	-
Premiums	-	-	-	-
Discounts	-	-	-	(45,999)
Leases/notes payable	-	-	-	11,165
Contract Revenue Bonds	25,913,032	21,625,000	20,975,000	20,305,000
Total primary government	<u><u>\$ 35,899,376</u></u>	<u><u>\$ 34,155,347</u></u>	<u><u>\$ 40,750,000</u></u>	<u><u>\$ 39,542,901</u></u>

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

Source: City Staff

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 2,870,000	\$ 2,685,000	\$ 6,541,000	\$ 5,930,000	\$ 5,345,000	\$ 5,075,000
12,955,000	12,440,000	7,920,000	7,750,000	15,300,000	15,120,000
1,039,917	916,027	701,854	586,992	1,558,323	1,392,036
305,381	688,486	3,096,226	3,286,525	3,255,493	2,407,220
1,465,000	1,205,000	950,000	700,000	460,000	225,000
3,985,000	59,545,000	59,460,000	59,375,000	82,405,000	81,885,000
149,980	2,308,846	2,264,951	2,147,630	3,979,210	3,820,819
(39,428)	(32,858)	(26,286)	(19,716)	(13,146)	(6,576)
-	238,482	869,883	836,758	670,301	416,964
19,180,000	18,035,000	16,870,000	15,685,000	14,475,000	13,240,000
<u>\$ 41,910,850</u>	<u>\$ 98,028,983</u>	<u>\$ 98,647,628</u>	<u>\$ 96,278,189</u>	<u>\$ 127,435,181</u>	<u>\$ 123,575,463</u>

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
NET TAXABLE ASSESSED VALUE (2)				
All property	\$ 881,528,357	\$ 907,583,808	\$ 929,408,262	\$ 1,015,315,640
NET BONDED DEBT (3)				
Gross bonded debt	13,460,000	12,495,000	19,775,000	18,560,000
Less debt service funds	-	-	-	-
Net Bonded Debt	<u>\$ 13,460,000</u>	<u>\$ 12,495,000</u>	<u>\$ 19,775,000</u>	<u>\$ 18,560,000</u>
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	1.53%	1.38%	2.13%	1.83%
POPULATION (1)	16,419	16,566	16,714	16,863
TAXABLE ASSESSED VALUATION PER CAPITA	53,690	54,786	55,607	60,210
NET BONDED DEBT PER CAPITA	\$ 820	\$ 754	\$ 1,183	\$ 1,101

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

(1) Source: MPEDC

(2) As Reported by the Appraisal District

(3) Include Self-supported debt

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 1,104,264,714	\$ 1,127,986,307	\$ 1,370,223,180	\$ 1,605,533,850	\$ 1,690,560,813	\$ 1,790,843,030
21,275,000	21,925,000	24,361,000	22,315,000	20,280,000	18,540,000
-	-	-	-	893,650	421,051
<u>\$ 21,275,000</u>	<u>\$ 21,925,000</u>	<u>\$ 24,361,000</u>	<u>\$ 22,315,000</u>	<u>\$ 19,386,350</u>	<u>\$ 18,118,949</u>
1.93%	1.94%	1.78%	1.39%	1.15%	1.01%
17,014	17,167	16,015	16,015	15,822	16,295
64,903	65,707	85,559	100,252	106,849	109,901
\$ 1,250	\$ 1,277	\$ 1,521	\$ 1,393	\$ 1,225	\$ 1,112

City of Mount Pleasant, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2025

Table 11

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Harts Bluff ISD	\$ 258,000	47%	\$ 121,079
Mount Pleasant Independent School District	77,305,000	60%	46,591,724
Northeast Texas CCD	21,595,339	26%	5,670,936
Titus County	80,100,000	48%	38,776,410
Titus County FWSD #1	-	0%	-
Titus County Hospital District	-	0%	-
Subtotal, overlapping debt			91,160,149
City direct debt	18,540,000	100.00%	18,540,000
Total direct and overlapping debt			\$ 109,700,149

Sources: City Staff

City of Mount Pleasant, Texas

LEGAL DEBT MARGIN INFORMATION

Current Fiscal Year

Table 12

Net Assessed Value	\$ 1,790,843,030
Plus Exempt Property	<u>495,078,864</u>
Total Assessed Value	<u><u>2,285,921,894</u></u>
Debt Limit - (10%) of Total Assessed Value	228,592,189
Less amount of debt applicable to debt limits	\$ 18,540,000
Legal Debt Margin	<u><u>210,052,189</u></u>
The Debt Rate legal limit percentage	9%

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) Avg. Annual debt service	Coverage
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
2022	15,288,849	11,635,862	3,652,987	1,627,370	2.24
2023	18,067,094	15,718,068	2,349,026	1,747,047	1.34
2024	16,627,416	14,556,400	2,071,016	3,247,741	0.64
2025	21,008,352	11,744,594	9,263,758	1,685,953	5.49

Source: Hilltop Securities Annual Disclosure

- (1) Gross Revenue includes all water and sewer revenues.
- (2) Operating expense includes all water and sewer expense less depreciation expense.
- (3) Average annual debt service is the average principal and interest payments paid for all water and sewer bonds.

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

(1)

Fiscal Year ended 9/30	Estimated population	Median Income	Per Capita Personal Income	Median Household Income	Median Age
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	32,162	17,165	45,604	30.1
2019	16,863	34,352	18,366	43,819	32
2020	17,014	50,515	19,893	48,567	31.6
2021	17,167	51,450	21,730	48,240	32.7
2022	16,361	51,450	20,352	49,853	31.41
2023	16,015	56,163	22,858	51,689	29.5
2024	15,822	51,316	22,858	54,837	31
2025	16,295	53,039	24,317	53,039	30

(1) Source: City Staff and MPEDC

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

N/D No reliable data

City of Mount Pleasant, Texas

PRINCIPAL EMPLOYERS

Current Fiscal Year

Table 15

Employer	Type of Business	¹ 9/30/2025	
		Employees	Rank
Pilgrim's Pride MP	Poultry Processor	3,194	1
Priefert Manufacturing	Ranch Equipment	1,113	2
Mount Pleasant Independent School District	ISD	1,009	3
Titus Regional Medical Center	Medical Center	868	4
Diamond C Trailers	Trailer Manufacturer	659	5
Big Tex Trailer Mfg., Inc.	Trailer Manufacturer	298	6
Walmart	Retail	268	7
Newly Weds Foods, Inc.	Food Process	249	8
Chapel Hill Independent School District	ISD	219	9
City of Mount Pleasant	City Government	175	10
Total		8,052	

Source: MPEDC

¹ Nine years from current year was not available for presentation

City of Mount Pleasant, Texas

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Table 16

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government and admin.	9	9	10	11	11	18	23	24	20	17
Public safety	75	81	81	80	80	80	86	87	84	82
Public works	12	12	13	12	11	14	10	10	7	8
Community develop.	13	13	13	13	13	10	11	10	10	10
Culture and recreation	22.5	23.5	23.5	22.5	22.5	19.5	30.0	29.0	29	28
Water and sewer	32	32	32	34	34	37	26	27	27	28
EDC	1	1	1	1.5	2	2	2	2	2	2
Total	<u>165</u>	<u>171.50</u>	<u>173.50</u>	<u>174.00</u>	<u>173.50</u>	<u>180.00</u>	<u>188.00</u>	<u>189.00</u>	<u>178.00</u>	<u>175.00</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	2016	2017	2018
Public Safety:			
Municipal Court:			
Number of cases filed	5,807	7,668	8,325
Police:			
Citation issued	6,073	9,899	10,846
Fire:			
Number of calls answered	1,064	1,092	898
Number of inspections	401	388	358
Animal Control			
Number of calls answered	774	834	815
Public Works:			
Number of streets maintained	250	282	282
Number of calls answered			
Code Compliance:			
Number of Inspections	N/D	N/D	N/D
Building Inspections	N/D	N/D	N/D
Water:			
New connections	120	17	27
Average daily consumption (millions of gallons)	6	6.45	6.32
Wastewater:			
Average daily sewage treatment (millions of gallons)	2.1	2.1	2.1

Sources: Various City departments.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
4,871	4,447	4,583	5,200	5,505	5,086	3,987
5,795	3,131	3,062	3,666	3,290	2,845	2,169
829	818	878	878	1,028	926	957
62	54	77	77	335	293	294
814	989	799	936	1,114	1,200	1,317
272	345	260	260	266	266	266
						209
427	1,129	1,929	4,229	4,502	5,693	5,218
1,542	1,324	1,976	2,352	2,622	2,535	2,436
26	30	69	69	60	20	30
6.64	7.71	6.06	6.06	6.76	7.36	6.90
2.43	2.81	2.23	2.23	2.12	1.99	2.30

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

Function/Program	2016	2017	2018	2019
Public safety:				
Police Stations	1	1	1	1
Patrol units	12	12	12	12
Fire Stations	2	2	2	2
Public works:				
Streets (miles)	110.4	110.4	110.4	110.4
Parks and Recreation:				
Parks (acreage)	188.08	188.08	188.08	188.08
Number of playgrounds	6	6	6	6
Number of baseball/softball fields	20	20	20	20
Number of soccer fields	0	0	0	0
Number of football fields	0	0	0	0
Water:				
Water mains (miles)	205	205	205	205
Number of fire hydrants	900	900	900	900
Storage capacity (millions of gallons)	7.6	7.6	7.6	7.6
Sewer:				
Sanitary sewers (miles)	190	190	190	190
Airport:				
Runaways maintained (feet)				
Length	6,004	6,004	6,004	6,004
Width	100	100	100	100

Sources: Various City departments.

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
1	1	1	1	1	1
12	12	12	12	13	13
2	2	2	2	2	2
110.4	110.4	110.4	112.2	112.2	117.0
188.08	333.08	795.00	795.00	795.00	795.00
6	7	6	6	7	8
20	24	19	19	19	19
0	0	18	18	18	18
0	0	1	1	1	1
205	205	205	205	205	205
900	900	900	1,020	1,020	1,020
7.6	7.6	7.6	7.6	7.6	7.6
190	190	190	190	195	195
6,004	6,004	6,004	6,004	6,004	6,004
100	100	100	100	100	100