

Selected Permittee DMR Data Report  
10/01/2013 through 01/05/2015

\*\*\* NOT ICIS CERTIFIED \*\*\*

| Monitoring Period | Param Cd | Parameter           | MLO | 39 SINGSAMP (mg/kg) | Vio Code | Rev Date  | 85 MAXIMUM (mg/kg) | Vio Code | Rev Date  | 35 MX VALUE (lb/acr) | Vio Code | Rev Date  |
|-------------------|----------|---------------------|-----|---------------------|----------|-----------|--------------------|----------|-----------|----------------------|----------|-----------|
| 7/31/2014         | 46395    | Cadmium, dry weight | R   | NODI=C              |          | 8/13/2014 | NODI=C             |          | 8/13/2014 | NODI=C               |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter            | MLO | 1200 SINGSAMP (mg/kg) | Vio Code | Rev Date  | 3000 MAXIMUM (mg/L) | Vio Code | Rev Date  | 2677 MX VALUE (lb/acr) | Vio Code | Rev Date  |
|-------------------|----------|----------------------|-----|-----------------------|----------|-----------|---------------------|----------|-----------|------------------------|----------|-----------|
| 7/31/2014         | 76473    | Chromium, dry weight | R   | NODI=C                |          | 8/13/2014 | NODI=C              |          | 8/13/2014 | NODI=C                 |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter          | MLO | 1500 SINGSAMP (mg/kg) | Vio Code | Rev Date  | 4300 MAXIMUM (mg/L) | Vio Code | Rev Date  | 1339 MX VALUE (lb/acr) | Vio Code | Rev Date  |
|-------------------|----------|--------------------|-----|-----------------------|----------|-----------|---------------------|----------|-----------|------------------------|----------|-----------|
| 7/31/2014         | 46394    | Copper, dry weight | R   | NODI=C                |          | 8/13/2014 | NODI=C              |          | 8/13/2014 | NODI=C                 |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter                           | MLO | VALUE (at #) | Vio Code | Rev Date  |
|-------------------|----------|-------------------------------------|-----|--------------|----------|-----------|
| 7/31/2014         | 84369    | Description of pathogen option used | SL  | NODI=C       |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter        | MLO | 300 SINGSAMP (mg/kg) | Vio Code | Rev Date  | 840 MAXIMUM (mg/kg) | Vio Code | Rev Date  | 268 MX VALUE (lb/acr) | Vio Code | Rev Date  |
|-------------------|----------|------------------|-----|----------------------|----------|-----------|---------------------|----------|-----------|-----------------------|----------|-----------|
| 7/31/2014         | 78468    | Lead, dry weight | R   | NODI=C               |          | 8/13/2014 | NODI=C              |          | 8/13/2014 | NODI=C                |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter                               | MLO | MX VALUE (state class) | Vio Code | Rev Date  |
|-------------------|----------|---|-----|------------------------|----------|-----------|
| 7/31/2014         | 84368    | Level of pathogen requirements achieved | T   | NODI=C                 |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter           | MLO | 17 SINGSAMP (mg/kg) | Vio Code | Rev Date  | 57 MAXIMUM (mg/kg) | Vio Code | Rev Date  | 15 MX VALUE (lb/acr) | Vio Code | Rev Date  |
|-------------------|----------|---------------------|-----|---------------------|----------|-----------|--------------------|----------|-----------|----------------------|----------|-----------|
| 7/31/2014         | 78471    | Mercury, dry weight | R   | NODI=C              |          | 8/13/2014 | NODI=C             |          | 8/13/2014 | NODI=C               |          | 8/13/2014 |

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| Monitoring Period | Param. Cd | Parameter          | MLO | 420 SINGSAMP | Vio. Code | Rcv Date  | 420. MAXIMUM (mg/kg) | Vio. Code | 375 MX VALUE (lb/ac) | Rcv Date  |
|-------------------|-----------|--------------------|-----|--------------|-----------|-----------|----------------------|-----------|----------------------|-----------|
| 7/31/2014         | 78469     | Nickel, dry weight | R   | NODI=C       |           | 8/13/2014 | NODI=C               |           | NODI=C               | 8/13/2014 |

|                      |           |                             |      |                    |             |           |
|----------------------|-----------|-----------------------------|------|--------------------|-------------|-----------|
| Monitoring<br>Period | Param. Cd | Parameter                   | MIQ. | VALUE (table<br>#) | Vio<br>Code | Rev Date  |
| 7/1/2014             | 84367     | Pollutant table from 503.13 | S    | NODI=C             |             | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter            | 36 SINGSAMP | 100 MAXIMUM | 89 MX VALUE | Rev Date  | Rev Date  |
|-------------------|----------|----------------------|-------------|-------------|-------------|-----------|-----------|
|                   |          |                      | (mg/kg)     | (mg/kg)     | (lb/acre)   | Vio Code  | Vio Code  |
| 7/31/2014         | 01148    | Selenium, dry weight | R           | NODI=C      | NODI=C      | 8/13/2014 | 8/13/2014 |

| Monitoring Period | Param. Cd. | Parameter                               | MLQ | VALUE (alt #) | Vio Code | Rev Date  |
|-------------------|------------|---|-----|---------------|----------|-----------|
| 7/31/2014         | 84370      | Vector attraction reduction alternative | SL  |               | NODI-C   | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter        | 2800<br>MLO | 2800<br>SINGAMP | Vio Code | Rcv Date  | 7500<br>MAXIMUM (mg/l) | Vio Code | Rcv Date  | 2500 MX<br>VALUE (lb/acre) | Vio Code | Rcv Date  |
|-------------------|----------|------------------|-------------|-----------------|----------|-----------|------------------------|----------|-----------|----------------------------|----------|-----------|
| 7/31/2014         | 78467    | Zinc, dry weight | R.          | NODI=C          |          | 8/13/2014 | NODI=C                 |          | 8/13/2014 | NODI=C                     |          | 8/13/2014 |

| Outfall No. | Imp. Sequence        | Imp. Start Date | Imp. End Date |
|-------------|----------------------|-----------------|---------------|
| SISLY       | SECTION 1, C - SILLY | 4/1/09          | 2/1/12        |

| Monitoring Period | Param. Cd | Parameter      | MLQ | MAXIMUM (MP/Ng) | Vio. Code | Rev Date  |
|-------------------|-----------|----------------|-----|-----------------|-----------|-----------|
| 7/31/2014         | 31641     | Fecal coliform | R   | NODI=C          |           | 8/13/2014 |

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| Monitoring Period | Param. Cd | Parameter  | MLO | MAXIMUM (MFG/g) | Vio Code | Rcv Date  |
|-------------------|-----------|------------|-----|-----------------|----------|-----------|
| 7/31/2014         | 71204     | Salmonella | R   | NOD=C           |          | 8/13/2014 |

| Monitoring Period | Param. Cd | Parameter           | MLO | ALLWCONC (mg/kg) | Vio Code | Rcv Date  |
|-------------------|-----------|---------------------|-----|------------------|----------|-----------|
| 7/31/2014         | 01003     | Arsenic, dry weight | SL  | NOD=C            |          | 8/13/2014 |

| Monitoring Period | Param. Cd | Parameter      | MLO | ALLWCONC (mg/kg) | Vio Code | Rcv Date  |
|-------------------|-----------|----------------|-----|------------------|----------|-----------|
| 7/31/2014         | 51004     | Boundary areas | SL  | NOD=C            |          | 8/13/2014 |

| Monitoring Period | Param. Cd | Parameter            | MLO | ALLWCONC (mg/kg) | Vio Code | Rcv Date  |
|-------------------|-----------|----------------------|-----|------------------|----------|-----------|
| 7/31/2014         | 78473     | Chromium, dry weight | SL  | NOD=C            |          | 8/13/2014 |

| Monitoring Period | Param. Cd | Parameter                           | MLO | ALLWCONC (mg/kg) | Vio Code | Rcv Date  |
|-------------------|-----------|-------------------------------------|-----|------------------|----------|-----------|
| 7/31/2014         | 84369     | Description of pathogen option used | SL  | NOD=C            |          | 8/13/2014 |

| Monitoring Period | Param. Cd | Parameter                               | MLO | SINGSAMP (state class) | Vio Code | Rcv Date  |
|-------------------|-----------|---|-----|------------------------|----------|-----------|
| 7/31/2014         | 84368     | Level of pathogen requirements achieved | T   | NOD=C                  |          | 8/13/2014 |

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| Monitoring Period | Param Cd | Parameter             | MLO | ALLWCONC (mg/kg) | Vio Code | Rev Date  | SINGSAMP (mg/kg) | Vio Code | Rev Date  |
|-------------------|----------|-----------------------|-----|------------------|----------|-----------|------------------|----------|-----------|
| 7/31/2014         | 01067    | Nickel, total (as Ni) | SL  | NODI=C           |          | 8/13/2014 | NODI=C           |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter | MLO | MINIMUM (SU) | Vio Code | Rev Date  |
|-------------------|----------|-----------|-----|--------------|----------|-----------|
| 7/31/2014         | 00400    | pH        | SL  | NODI=C       |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter                            | MLO | VALUE (Y=1;N=0) | Vio Code | Rev Date  |
|-------------------|----------|--------------------------------------|-----|-----------------|----------|-----------|
| 7/31/2014         | 49028    | Unit will/leachate collection system | SL  | NODI=C          |          | 8/13/2014 |

| Monitoring Period | Param Cd | Parameter                               | MLO | VALUE (all #) | Vio Code | Rev Date  |
|-------------------|----------|---|-----|---------------|----------|-----------|
| 7/31/2014         | 84370    | Vector attraction reduction alternative | SL  | NODI=C        |          | 8/13/2014 |

Official Copy Limit Statute Limit Statute Limit Statute  
TX1Q 7-DAY CHRONIC FRESHWATER - 001 4/1/08 2/1/12

| Monitoring Period | Param Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TXP3B    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 1/14/2014 | NODI=Q       |          | 1/14/2014 |
| 3/31/2014         | TXP3B    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 4/4/2014  | NODI=Q       |          | 4/4/2014  |
| 6/30/2014         | TXP3B    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 8/13/2014 | NODI=Q       |          | 8/13/2014 |
| 9/30/2014         | TXP3B    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 10/8/2014 | NODI=Q       |          | 10/8/2014 |
| 12/31/2014        | TXP3B    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 12/4/2014 | NODI=Q       |          | 12/4/2014 |

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| Monitoring Period | Param Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TXP6C    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 1/14/2014 | NODI=Q       |          | 1/14/2014 |
| 3/31/2014         | TXP6C    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 4/4/2014  | NODI=Q       |          | 4/4/2014  |
| 6/30/2014         | TXP6C    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 8/13/2014 | NODI=Q       |          | 8/13/2014 |
| 9/30/2014         | TXP6C    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 10/8/2014 | NODI=Q       |          | 10/8/2014 |
| 12/31/2014        | TXP6C    | LOEC Lethal Survival Static Renewal | 1   | NODI=Q       |          | 12/4/2014 | NODI=Q       |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TYP3B    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 1/14/2014 | NODI=Q       |          | 1/14/2014 |
| 3/31/2014         | TYP3B    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 4/4/2014  | NODI=Q       |          | 4/4/2014  |
| 6/30/2014         | TYP3B    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 8/13/2014 | NODI=Q       |          | 8/13/2014 |
| 9/30/2014         | TYP3B    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 10/8/2014 | NODI=Q       |          | 10/8/2014 |
| 12/31/2014        | TYP3B    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 12/4/2014 | NODI=Q       |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TYP6C    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 1/14/2014 | NODI=Q       |          | 1/14/2014 |
| 3/31/2014         | TYP6C    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 4/4/2014  | NODI=Q       |          | 4/4/2014  |
| 6/30/2014         | TYP6C    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 8/13/2014 | NODI=Q       |          | 8/13/2014 |
| 9/30/2014         | TYP6C    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 10/8/2014 | NODI=Q       |          | 10/8/2014 |
| 12/31/2014        | TYP6C    | LOEC Sub-Lethal Reproduction Static | 1   | NODI=Q       |          | 12/4/2014 | NODI=Q       |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter                             | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date  | MO AV MN (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|----------|---------------------------------------|-----|--------------------------|----------|-----------|--------------------------|----------|-----------|
| 12/31/2013        | TLP3B    | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 1/14/2014 | 0                        |          | 1/14/2014 |
| 3/31/2014         | TLP3B    | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 4/4/2014  | 0                        |          | 4/4/2014  |
| 6/30/2014         | TLP3B    | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 8/13/2014 | 0                        |          | 8/13/2014 |
| 9/30/2014         | TLP3B    | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 10/8/2014 | 0                        |          | 10/8/2014 |
| 12/31/2014        | TLP3B    | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 12/4/2014 | 0                        |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date | MO AV MN (pass=0/fail=1) | Vio Code | Rev Date |
|-------------------|----------|-----------|-----|--------------------------|----------|----------|--------------------------|----------|----------|
|-------------------|----------|-----------|-----|--------------------------|----------|----------|--------------------------|----------|----------|

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| Monitoring Period | Param. Cd | Parameter                             | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date  | MO AV MN (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|-----------|---------------------------------------|-----|--------------------------|----------|-----------|--------------------------|----------|-----------|
| 12/31/2013        | TLP6C     | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 1/14/2014 | 0                        |          | 1/14/2014 |
| 3/31/2014         | TLP6C     | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 4/4/2014  | 0                        |          | 4/4/2014  |
| 6/30/2014         | TLP6C     | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 8/13/2014 | 0                        |          | 8/13/2014 |
| 9/30/2014         | TLP6C     | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 10/8/2014 | 0                        |          | 10/8/2014 |
| 12/31/2014        | TLP6C     | Low Flow Pass/Fail Survival Test Stat | 1   | 0                        |          | 12/4/2014 | 0                        |          | 12/4/2014 |

| Monitoring Period | Param. Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|-----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TOP3B     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 1/14/2014 | 81           |          | 1/14/2014 |
| 3/31/2014         | TOP3B     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 4/4/2014  | 81           |          | 4/4/2014  |
| 6/30/2014         | TOP3B     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 8/13/2014 | 81           |          | 8/13/2014 |
| 9/30/2014         | TOP3B     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 10/8/2014 | 81           |          | 10/8/2014 |
| 12/31/2014        | TOP3B     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 12/4/2014 | 81           |          | 12/4/2014 |

| Monitoring Period | Param. Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|-----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TOP6C     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 1/14/2014 | 81           |          | 1/14/2014 |
| 3/31/2014         | TOP6C     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 4/4/2014  | 81           |          | 4/4/2014  |
| 6/30/2014         | TOP6C     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 8/13/2014 | 81           |          | 8/13/2014 |
| 9/30/2014         | TOP6C     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 10/8/2014 | 81           |          | 10/8/2014 |
| 12/31/2014        | TOP6C     | NOEC Lethal Static Renewal 7 Day C1 | 1   | 81           |          | 12/4/2014 | 81           |          | 12/4/2014 |

| Monitoring Period | Param. Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|-----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TPP3B     | NOEC Sub-Lethal Static Renewal 7 D1 | 1   | 81           |          | 1/14/2014 | 81           |          | 1/14/2014 |
| 3/31/2014         | TPP3B     | NOEC Sub-Lethal Static Renewal 7 D1 | 1   | 81           |          | 4/4/2014  | 81           |          | 4/4/2014  |
| 6/30/2014         | TPP3B     | NOEC Sub-Lethal Static Renewal 7 D1 | 1   | 81           |          | 8/13/2014 | 81           |          | 8/13/2014 |
| 9/30/2014         | TPP3B     | NOEC Sub-Lethal Static Renewal 7 D1 | 1   | 81           |          | 10/8/2014 | 81           |          | 10/8/2014 |
| 12/31/2014        | TPP3B     | NOEC Sub-Lethal Static Renewal 7 D1 | 1   | 81           |          | 12/4/2014 | 81           |          | 12/4/2014 |

| Monitoring Period | Param. Cd | Parameter                           | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|-----------|-------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 12/31/2013        | TPP6C     | NOEC Sub-Lethal Static Renewal 7 D1 | 1   | 81           |          | 1/14/2014 | 81           |          | 1/14/2014 |

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| Monitoring Period | Param Cd | Parameter                            | MLO | 7 DA MIN (%) | Vio Code | Rev Date  | MO AV MN (%) | Vio Code | Rev Date  |
|-------------------|----------|--------------------------------------|-----|--------------|----------|-----------|--------------|----------|-----------|
| 3/31/2014         | TPP6C    | NOEC Sub-Lethal Static Renewal 7 D 1 | 81  | 81           |          | 4/4/2014  | 81           |          | 4/4/2014  |
| 9/30/2014         | TPP6C    | NOEC Sub-Lethal Static Renewal 7 D 1 | 81  | 81           |          | 8/13/2014 | 81           |          | 8/13/2014 |
| 9/30/2014         | TPP6C    | NOEC Sub-Lethal Static Renewal 7 D 1 | 81  | 81           |          | 10/8/2014 | 81           |          | 10/8/2014 |
| 12/31/2014        | TPP6C    | NOEC Sub-Lethal Static Renewal 7 D 1 | 81  | 81           |          | 12/4/2014 | 81           |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter                               | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date  | MO AV MN (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|----------|---|-----|--------------------------|----------|-----------|--------------------------|----------|-----------|
| 12/31/2013        | TWP3B    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 1/14/2014 | 0                        |          | 1/14/2014 |
| 3/31/2014         | TWP3B    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 4/4/2014  | 0                        |          | 4/4/2014  |
| 9/30/2014         | TWP3B    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 8/13/2014 | 0                        |          | 8/13/2014 |
| 9/30/2014         | TWP3B    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 10/8/2014 | 0                        |          | 10/8/2014 |
| 12/31/2014        | TWP3B    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 12/4/2014 | 0                        |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter                               | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date  | MO AV MN (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|----------|---|-----|--------------------------|----------|-----------|--------------------------|----------|-----------|
| 12/31/2013        | TWP6C    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 1/14/2014 | 0                        |          | 1/14/2014 |
| 3/31/2014         | TWP6C    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 4/4/2014  | 0                        |          | 4/4/2014  |
| 9/30/2014         | TWP6C    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 8/13/2014 | 0                        |          | 8/13/2014 |
| 9/30/2014         | TWP6C    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 10/8/2014 | 0                        |          | 10/8/2014 |
| 12/31/2014        | TWP6C    | Pass/Fail Sub-Lethal Static Renewal 7 1 | 0   | 0                        |          | 12/4/2014 | 0                        |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter                           | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date  | MO AV MN (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|----------|-------------------------------------|-----|--------------------------|----------|-----------|--------------------------|----------|-----------|
| 12/31/2013        | 22415    | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 1/14/2014 | NODI=9                   |          | 1/14/2014 |
| 3/31/2014         | 22415    | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 4/4/2014  | NODI=9                   |          | 4/4/2014  |
| 9/30/2014         | 22415    | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 8/13/2014 | NODI=9                   |          | 8/13/2014 |
| 9/30/2014         | 22415    | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 10/8/2014 | NODI=9                   |          | 10/8/2014 |
| 12/31/2014        | 22415    | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 12/4/2014 | NODI=9                   |          | 12/4/2014 |

| Monitoring Period | Param Cd | Parameter                           | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date  | MO AV MN (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|----------|-------------------------------------|-----|--------------------------|----------|-----------|--------------------------|----------|-----------|
| 12/31/2013        | 22416    | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 1/14/2014 | NODI=9                   |          | 1/14/2014 |
| 3/31/2014         | 22416    | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 4/4/2014  | NODI=9                   |          | 4/4/2014  |

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| Monitoring Period | Param. Cd | Parameter                           | MLO | 7 DA MIN (pass=0/fail=1) | Vio Code | Rev Date  | MO AV MIN (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|-----------|-------------------------------------|-----|--------------------------|----------|-----------|---------------------------|----------|-----------|
| 6/30/2014         | 22416     | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 8/13/2014 | NODI=9                    |          | 8/13/2014 |
| 9/30/2014         | 22416     | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 10/8/2014 | NODI=9                    |          | 10/8/2014 |
| 12/31/2014        | 22416     | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 12/4/2014 | NODI=9                    |          | 12/4/2014 |

Outfall No. 1  
TX1S  
24-HOUR ACUTE FRESHWATER - 001  
4/1/09  
2/1/12

| Monitoring Period | Param. Cd | Parameter                              | MLO | SINGSAMP (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|-----------|--|-----|--------------------------|----------|-----------|
| 12/31/2013        | TIE3D     | LC50 Pass/Fail Static 24Hr Acute D. FI | 0   |                          |          | 1/14/2014 |
| 6/30/2014         | TIE3D     | LC50 Pass/Fail Static 24Hr Acute D. FI | 0   |                          |          | 4/4/2014  |
| 12/31/2014        | TIE3D     | LC50 Pass/Fail Static 24Hr Acute D. FI | 0   |                          |          | 10/8/2014 |

| Monitoring Period | Param. Cd | Parameter                             | MLO | SINGSAMP (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|-----------|---------------------------------------|-----|--------------------------|----------|-----------|
| 12/31/2013        | TIE5C     | LC50 Pass/Fail Static 24Hr Acute Pim1 | 0   |                          |          | 1/14/2014 |
| 6/30/2014         | TIE5C     | LC50 Pass/Fail Static 24Hr Acute Pim1 | 0   |                          |          | 4/4/2014  |
| 12/31/2014        | TIE5C     | LC50 Pass/Fail Static 24Hr Acute Pim1 | 0   |                          |          | 10/8/2014 |

| Monitoring Period | Param. Cd | Parameter                           | MLO | SINGSAMP (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|-----------|-------------------------------------|-----|--------------------------|----------|-----------|
| 12/31/2013        | 22415     | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 1/14/2014 |
| 6/30/2014         | 22415     | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 4/4/2014  |
| 12/31/2014        | 22415     | Whole effluent toxicity - retest #1 | 1   | NODI=9                   |          | 10/8/2014 |

| Monitoring Period | Param. Cd | Parameter                           | MLO | SINGSAMP (pass=0/fail=1) | Vio Code | Rev Date  |
|-------------------|-----------|-------------------------------------|-----|--------------------------|----------|-----------|
| 12/31/2013        | 22416     | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 1/14/2014 |
| 6/30/2014         | 22416     | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 4/4/2014  |
| 12/31/2014        | 22416     | Whole effluent toxicity - retest #2 | 1   | NODI=9                   |          | 10/8/2014 |



Selected Permittee DMR Data Report  
10/01/2013 through 01/05/2015

\*\*\* NOT ICIS CERTIFIED \*\*\*

**ATTACHMENT 6**  
**WATER SYSTEM INSPECTION REPORT, FINDINGS,**  
**RESPONSES, AND CORRESPONDENCE**  
**(Reference 5.A)**

Bryan W. Shaw, Ph.D , P E , *Chairman*  
Toby Baker, *Commissioner*  
Zak Covar, *Commissioner*  
Richard A. Hyde, P E , *Executive Director*



PWS/2250001/CO/12-29-2014/CCI

## TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

*Protecting Texas by Reducing and Preventing Pollution*

February 27, 2015

**CERTIFIED MAIL 91 7199 9991 7031 8549 5820**  
**RETURN RECEIPT REQUESTED**

The Honorable Paul O. Meriwether, Mayor  
City of Mount Pleasant  
501 N Madison  
Mount Pleasant, TX 75455

Re: Notice of Violation for the Comprehensive Compliance Investigation at:  
City of Mount Pleasant Water System,  
Located N side of IH 30 near Lakewood Drive in Mount Pleasant (Titus Co ), TX  
RN103728853; PWS ID No.: 2250001; Investigation No 1227630

Dear Mayor Meriwether:

Between December 15 and 29, 2014, Mr. Kevin Glanton of the Texas Commission on Environmental Quality (TCEQ) Tyler Region Office conducted an investigation of the above-referenced system to evaluate compliance with applicable requirements for public water systems. Enclosed is a summary which lists the investigation findings. During the investigation, certain outstanding alleged violations were identified for which compliance documentation is required.

Please submit to this office by the date listed a written description of corrective action taken and the required documentation demonstrating that compliance has been achieved for the outstanding alleged violations by Track Numbers: **561710 by March 6, 2015 and also 561723 and 561724 by March 30, 2015**. Please note that if corrective action is not demonstrated by these dates, then the system may be referred for enforcement action.

In the listing of the alleged violation(s), we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.texas.gov> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Tyler Region Office at 903-535-5100 or the Central Office Publications Ordering Team at 512-239-0028.

Mayor Paul O. Meriwether  
February 27, 2015  
Page 2

The Texas Commission on Environmental Quality appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with environmental regulatory requirements. We anticipate that you will resolve the alleged violations as required in order to protect the State's environment. If you have additional information that we are unaware of, you have the opportunity to contest the violation(s) documented in this notice. Should you choose to do so, you must notify the Tyler Region 5 Office within 10 days from the date of this letter. At that time, Mr. Ross Morgan, Water Section Manager, will schedule a violation review meeting to be conducted within 21 days from the date of this letter. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of any or all of the contested violations.

If you or members of your staff have any questions, please feel free to contact Kevin Glanton in the Tyler Region Office at (903) 535-5133

Sincerely,

A handwritten signature in black ink, appearing to read 'Cara Fisher', written over a horizontal line.

Cara Fisher, Work Leader  
Tyler Region Office

CCF/rkg

Enclosures: Summary of Investigation Findings

## Summary of Investigation Findings

CITY OF MOUNT PLEASANT

, TITUS COUNTY,

Additional ID(s): 2250001

Investigation #

1227630

Investigation Date: 12/15/2014

### OUTSTANDING ALLEGED VIOLATION(S) ASSOCIATED TO A NOTICE OF VIOLATION

Track No: 561710

Compliance Due Date: 03/06/2015

30 TAC Chapter 290.42(d)(2)(C)

#### Alleged Violation:

Investigation: 1227630

Comment Date: 02/16/2015

Failure to provide an air gap or other acceptable backflow prevention device for make-up water supply lines to chemical feeder solution mixing chambers

During the investigation conducted between 12/15/2014 and 12/29/2014, the investigator observed that the water system only provided a double check valve for the make-up water supply line for the chlorine solution that results from the feeding of chlorine gas into the make-up water. The regulation states that this supply must be protected from either an air gap or other acceptable backflow prevention device. Since the potable water is supplied from the distribution system, the distribution system could be at risk due to the cross-connection with the chlorine solution (if overfeeding could possibly occur) and from the cross-connection where the chlorine solution is injected prior to the filters into the settled water line between the clarifiers and the filters (which results in a cross-connection with pre- and post-filtered water). A cross-connection between unfiltered water and finished water is clearly a health risk, which requires a backflow prevention device that is acceptable for mitigating such health risks. The two options are either an air gap or a reduced pressure principal backflow prevention assembly (RPBA), which is tested upon installation and annually thereafter.

Furthermore, even if there were an RPBA that serves the whole plant, there would be a cross-connection between the chlorine solution line, which ties into the settled water line, and potable water serving the lab, restrooms, and water fountains, etc. It appears that an RPBA is needed for this cross-connection, as well. (Such RPBA on the supply side of the chemical injection point may provide protection for the lab, restrooms, water fountains, etc., and distribution).

**Recommended Corrective Action:** Please submit compliance documentation by 03/06/2015. The documentation should demonstrate what actions have been taken and may include photographs, purchase orders, results of analyses, etc.

Track No: 561723

Compliance Due Date: 03/30/2015

30 TAC Chapter 290.46(m)(4)

#### Alleged Violation:

Investigation: 1227630

Comment Date: 02/16/2015

Failure to maintain the raw water pumps in a watertight condition

During the investigation conducted between 12/15/2014 and 12/29/2014, the investigator observed that the system failed to repair the leaking raw water pump.

**Recommended Corrective Action:** Please submit compliance documentation by 03/30/2015. The documentation should demonstrate what actions have been taken and may include photographs, purchase orders, results of analyses, etc.

Track No: 561724

Compliance Due Date: 03/30/2015

**Alleged Violation:**

Investigation: 1227630

Comment Date: 02/16/2015

Failure to maintain in a watertight condition all water treatment units, storage and pressure maintenance facilities, distribution system lines, and related appurtenances

During the investigation conducted between 12/15/2014 and 12/29/2014, the investigator observed that the water system failed to maintain the walls of some of the filters. Some of the filter walls in the filter pipe gallery were leaking (An engineer should certify that no pre-filtered water could bypass the filter media during the current state of the filters)

**Recommended Corrective Action:** Please submit compliance documentation by 03/30/2015. The documentation should demonstrate what actions have been taken and may include photographs, purchase orders, results of analyses, etc

**ALLEGED VIOLATION(S) NOTED AND RESOLVED  
ASSOCIATED TO A NOTICE OF VIOLATION**

Track No: 561711

30 TAC Chapter 290.42(d)(2)(B)

**Alleged Violation:**

Investigation: 1227630

Comment Date: 02/16/2015

Failure to provide an air gap or other acceptable backflow prevention device for make-up water supply lines to chemical feeder solution mixing chambers.

During the investigation conducted between 12/15/2014 and 12/29/2014, the investigator observed that the water system failed to provide an air gap or other acceptable backflow prevention device for the chlorine solution feed lines between the post-filtered and the pre-filtered chlorine solution feed lines. The same rotameter and chlorine solution could supply both feed lines. Only a ball valve separated the two lines

**Resolution:** On 01/21/2015, the system submitted pictures which indicated that the interconnection had been removed

Track No: 561725

30 TAC Chapter 290.42(d)(13)

**Alleged Violation:**

Investigation: 1227630

Comment Date: 02/16/2015

Failure to identify the influent, effluent, waste backwash, and chemical feed lines by the use of labels or various colors of paint. Color coding must be by solid color or banding. Where labels or banding are used, they shall be placed along the pipe at no greater than five foot intervals

During the investigation conducted between 12/15/2014 and 12/29/2014, the investigator observed that the water system failed to adequately label all chemical feed lines.

**Resolution:** On 01/21/2015, the system submitted pictures which indicated that the feed lines were labeled

**ADDITIONAL ISSUES**

Description

Additional Comments

**CITY OF MOUNT PLEASANT****Investigation # 1227630**

- |         |   |
|---------|---|
| Item 6  | This item has already been resolved, based on information submitted to TCEQ on 01/21/2015. It is included here as documentation to remind the system of this issue. The 15-minute max IFE Turbidity data for SWMOR was based on highest data from continuous readings, instead at the 15-minute marks. Also, a high was only considered if it is at the same level within 15 minutes. However, this only applies to levels at or above the trigger levels. For example, if 0.40 NTU (below a trigger level) is the high IFE for a 24 hour period from the 15-minute readings (e.g., at 8:15) then it should be listed regardless of the subsequent 15-minute reading (e.g., at 8:30). |
| Item 7  | The daily bench sheet at the I-30 Plant needs revising or re-typesetting so that it is easier to read.  |
| Item 8  | More frequent jar tests should be considered, especially if floc starts floating up near the weirs in the clarifiers at the LBS plant. Filters should adequately ripen after backwash without floc carryover.   |
| Item 9  | Supplies should be more readily available for maintaining the auto flushers, since one was dysfunctional during the investigation (i.e., the auto function).  |
| Item 10 | The information on the special precautions flowchart field checklist that was provided to Mr. Williams must be maintained during line repairs.  |
| Item 11 | Chlorine and ammonia injection points should include enough separation for adequate reaction times and space for a sampling tap between the points. The injection points prior to the clarifiers at the LBS plant appear to be only a little over one foot apart, and they don't have a sampling tap between them. (It is noted that neither are currently used.)   |



Shane Townson Water Plant Foreman  
City of Mount Pleasant  
Water Treatment Plant  
Mailing Address: 501 N. Madison  
Mount Pleasant, TX 75455-3650  
Telephone: 903-575-4132  
Fax: 903-577-1828  
E-mail: [stownson@mpcity.org](mailto:stownson@mpcity.org)  
Web Page: [www.mpcity.net](http://www.mpcity.net)

March 27, 2015

Re: PWS ID No. 2250001  
Corrective Action Report

Mr. Kevin Glanton  
Texas Commission on Environmental Quality  
Region 5  
2916 Teague Dr. Tyler, TX 75701-3734

Mr. Glanton, this is the City of Mt. Pleasant, TX corrective action report for TCEQ inspection held in December 2014.

Track No. 561710

A 4 inch RPPA (Reduced Pressure Principle Assembly) has been installed and tested on the incoming water line that is the service line for the chemical feed solutions. I have emailed the pictures of the new RPPA which has been installed in the Fluoride room just ahead of the Chlorine make-up solution. This will protect the distribution system along with the lab/office bldg. Please omit the comments from the contracted engineer John Ringler on his response regarding this Track No. only.

Track No. 561723

Odessa pump has replaced and adjusted packing on the raw water pump. I have emailed pictures showing no spraying or leaking of water. Please see the attached letter from our contracted engineer John Ringler with KSA.

Track No. 561724

Please see the response from John Ringler with KSA.

Mr. Glanton I believe all potential violations have been corrected. As always we appreciate TCEQ and their efforts to protect the environment. We look forward to working together with any issues that may arise. If there is any questions or comments please let me know.

Sincerely,  
Shane Townson

Water Plant Foreman .



140 East Tyler Street  
Suite 600  
Longview, TX 75601  
903.236.7700



March 9, 2015

Mr. Anthony Rasor  
Director of Utilities  
**City of Mount Pleasant**  
501 N. Madison Ave.  
Mount Pleasant, TX 75455

via email and mail delivery

**Re: City of Mount Pleasant**  
**Lake Bob Sandlin WTP / TWDB No. 61405**  
**TCEQ NOV Response**  
**RN1038728853; PWSID No. 2250001; Investigation No. 1227630**

Dear Mr. Rasor:

The purpose of this letter is to provide the City with my responses to the TCEQ inspector's comments in a letter dated February 27, 2015.

**Track No. 561710**

**30 TAC Chapter 290.42(d)(2)(C)**

*"Water system only provided a double check valve for the make-up water"*

This statement by the TCEQ inspector is inaccurate. The chlorine system includes a double check backflow preventer, a normally closed solenoid valve for each feed (which closes on loss of chlorine feed and/or loss of power) and a check valve at the application point.

*"Two options are either an air gap or reduced pressure principal backflow prevention"*

This statement appears to be the inspector's opinion. This statement does not appear in the TCEQ rules. I respectfully request the inspector provide a reference to the TCEQ rules that limit the device to these two options.

While the TCEQ's rules specifically list an RPBA required for a wastewater plant, the rules also specifically omit a water plant from the list requiring an RPBA. It appears from the inspector's statements that the TCEQ inadvertently omitted water plants from their required RPBA list. It is my opinion that the TCEQ would not inadvertently omit such a significant portion of their regulated community from the such a list and that it was omitted on purpose.

*"Cross-connection between the chlorine solution line, which ties into the settled water"*

My understanding is the connection has been removed.

www.ksaeng.com

**Track No. 561723**

**30 TAC Chapter 290.46(m)(4)**

*"Observed that the system failed to repair the leaking water raw pump"*

The leak observed by the investigator is at the packing gland. Packing glands are designed to allow water to pass for lubrication and cooling. The packing gland in question was leaking due to work performed by an independent contractor. The contractor has been notified of the situation and he has stated the packing gland will be repaired the week on March 9th.

**Track No. 561724**

**30 TAC Chapter 290.46(m)(4)**

*"An engineer should certify that no pre-filtered water could bypass the filter media during the current state of the filters"*

The cracks in the filter walls were injected with a hydrophilic waterstop prior to commissioning the plant.

In addition, it is physically impossible for water to pass through the wall near the top and re-enter the wall at a lower point due to the pressure gradient on the wall. Water moves from high pressure to low pressure. The water near the top of the wall is at or near atmospheric pressure. As you move down the wall, the water pressure increases (atmospheric + the height of the water above). This means that as you move down the wall from top (clarified water) to the bottom (filtered water) the water on the opposite side of the wall is increasing in pressure (low pressure at the top, higher pressure at the bottom). In a gravity situation, it is impossible for water to pass through a crack at the top of the wall (low pressure area), travel down the wall and re-enter the wall near the bottom (higher pressure).


The lowest pressure area is the side of the wall exposed to the atmosphere. The pressure gradient of the water column dictates that any water entering a crack move to lower pressure which means the water is always moving to atmospheric pressure (the outside of the wall).

The time the pressure gradient does not force the water to the outside of the wall is when the filter is empty in which case there is no water moving through a crack.

If you have any questions or require additional information, please contact me at your convenience.

Sincerely,

**KSA Engineers, Inc.**

  
John C. Ringler, P.E.  
Principal

JCR/ss

**ATTACHMENT 7**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended September 30, 2014**  
**(Reference 6.D)**

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2014

City of Mount Pleasant, Texas

City Manager

Mike Ahrens

Director of Finance and City Secretary

Brenda Reynolds



**CITY OF MOUNT PLEASANT, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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## GENERAL INFORMATION – CITY OF MOUNT PLEASANT

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

The City Council is comprised of a Mayor and five council members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and a Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the executive directors, and heads of departments, and the performance of functions within the municipal organization.

## ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

## MAJOR INITIATIVES

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

- City Council approved a bid of \$270,280 to Williams Painting and Sandblasting for painting of the Edwards Street Elevated Water Storage.
- Council awarded bid for the annual street improvement project to NeTex Construction, Ltd. for \$437,147. Project was completed last summer.
- Council awarded a bid for \$189,705 to the Parkson Corporation to supply a new aeration system - materials only – for the Southside Wastewater Treatment Plant. The system was installed by city personnel.
- Council accepted a bid from Insituform Technologies for \$142,300 for a slip-lining rehabilitation project for wastewater collection lines on East 3<sup>rd</sup> Street.
- The City completed its payment of \$3.66 million to Titus County to fulfill its share of the Titus County Loop Project (US 271).
- City Council awarded a bid of \$149,955 to East Texas Bridge for a drainage improvement project on Old Paris Road. Project has been completed.
- Council awarded a bid recommended by the Industrial Development Corporation for \$1,645,682 to LeeTex Construction for the construction of a 40,000 square feet industrial spec building in the Mount Pleasant Business Park.
- Council awarded a bid of \$141,800 to Crawford Electric Supply for the installation of sports field lighting at Old Sam Parker Field.
- Council approved the annexation of 300 acres on East 16<sup>th</sup> Street, County Road 3010 and I-30 East.
- City completed installation of an Automated Meter Reading (AMR) System for all water meters less than 2 inches in line diameter. The installation of the AMR's for the city's



Respectfully submitted,

Mike Ahrens  
CITY MANAGER

Brenda Reynolds  
DIRECTOR OF FINANCE

**CITY OF MOUNT PLEASANT, TEXAS  
ELECTED OFFICIALS AND ADMINISTRATIVE OFFICERS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**City Council**

**Dr. Paul O. Meriwether, Mayor  
Robert Nance, Mayor Pro-Tem  
Erman Hensel, Council Member, Place 2  
David Huffman, Council Member, Place 3  
Tim Dale, Council Member, Place 4  
Dr. Sue Hawkins, Council Member, Place 5**

**Administrative Staff**

**Mike Ahrens, City Manager  
Brenda Reynolds, Director of Finance and City Secretary**



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mount Pleasant, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the TMRS Funding Progress and Contributions and Other Post-Employment Benefits Plan on pages 7 – 18 and 61 - 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mount Pleasant, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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



**CITY OF MOUNT PLEASANT, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

**Basic Financial Statements**

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

The next statements (pages 24-32) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the **notes** (pages 33-58). The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** (pages 61-62) is provided to show details about the City's pension plan and post-employment benefits.

**Government-wide Financial Statements**

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave, if material value). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting.

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

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

**Fund Financial Statements**

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

**CITY OF MOUNT PLEASANT, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and post-employment benefits to its employees. This information is on pages 61-62 of this report.

**Other Information**

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information. Combining statements and individual fund statements can be found on pages 64-67 in this report. Budgetary comparison schedules for the Debt Service Fund and Street Fund can be found on pages 68-69 in this report and the Fiduciary Fund Statement of Changes in Assets and Liabilities can be found on page 70.

**New GASB pronouncements**

GASB Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statement No. 10 and No. 62", was implemented by the City as required by GASB during the fiscal year ending September 30, 2014. This statement improves financial reporting by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement amends Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", by removing the provision that limits fund-based reporting of an entity's risk financial activities to the general fund and the internal service fund type. This statement also amends Statement No. 62 by modifying the specific guidance on accounting and operating leases. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement was implemented as required by GASB for period beginning after June 15, 2013. The implementation of this statement did not result in any changes to the financial statements.

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

GASB Statement No. 67, "Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25", will be implemented as required by GASB during the fiscal year ending September 30, 2015. The objective of this statement is to improve financial reporting by state and local government pension plans. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27", will be implemented as required by GASB during the fiscal year September 30, 2015. The objective of this statement is to improve accounting and financial reporting by state and local government pensions and improve the decision-usefulness of information contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and

**CITY OF MOUNT PLEASANT, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**  
**SEPTEMBER 30, 2014**

|                              | NET POSITION            |                      |                          |                      |                          |                      |
|------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
|                              | Governmental Activities |                      | Business-Type Activities |                      | Total Primary Government |                      |
|                              | 2014                    | 2013                 | 2014                     | 2013                 | 2014                     | 2013                 |
| Current and other assets     | \$ 9,584,729            | \$ 14,235,516        | \$ 10,729,134            | \$ 14,226,240        | \$ 20,313,863            | \$ 28,461,756        |
| Capital assets               | 26,717,588              | 25,742,565           | 65,479,973               | 61,698,215           | 92,197,561               | 87,440,780           |
| Total assets                 | 36,302,317              | 39,978,081           | 76,209,107               | 75,924,455           | 112,511,424              | 115,902,536          |
| Long-term liabilities        | 12,696,730              | 13,142,998           | 29,037,655               | 30,180,168           | 41,734,385               | 43,323,166           |
| Other liabilities            | 769,476                 | 933,463              | 869,819                  | 521,703              | 1,639,295                | 1,455,166            |
| Total liabilities            | 13,466,206              | 14,076,461           | 29,907,474               | 30,701,871           | 43,373,680               | 44,778,332           |
| Net position:                |                         |                      |                          |                      |                          |                      |
| Investment in capital assets | 18,381,690              | 21,729,842           | 42,881,147               | 39,616,390           | 61,262,837               | 61,346,232           |
| Restricted                   | 851,230                 | 1,476,577            | 1,927,757                | 2,027,783            | 2,778,987                | 3,504,360            |
| Unrestricted                 | 3,603,191               | 2,695,201            | 1,492,729                | 3,578,410            | 5,095,920                | 6,273,611            |
| Total net position           | <u>\$ 22,836,111</u>    | <u>\$ 25,901,620</u> | <u>\$ 46,301,633</u>     | <u>\$ 45,222,583</u> | <u>\$ 69,137,744</u>     | <u>\$ 71,124,203</u> |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the City exceeded liabilities by \$69,137,744 as of September 30, 2014. The City's net position decreased by (\$1,986,459) for the fiscal year ended September 30, 2014.

*Net invested in capital assets:*

The largest portion, 89%, reflects the City's investment in capital assets (i.e., land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

*Restricted net position:*

The restricted net position of \$2,778,987, or 4.02%, of total net position represents resources that are subject to external restrictions on their use or by enabling legislation. Restricted net position is comprised of state and contractually imposed restrictions which are: \$2,096,277, or 75%, for debt service requirements, \$115,753, or 4%, for court use, \$187,686, or 7%, for tourism use, \$221,994, or 8%, for business incentives, and \$157,277, or 6%, for capital projects.

*Unrestricted net position:*

Unrestricted net position of \$5,095,920, or 7%, is available to fund City programs to citizens and debt to creditors. The significant decrease in unrestricted net position is due, in part, to the City's portion of the street improvements for the State's loop project in governmental activities.



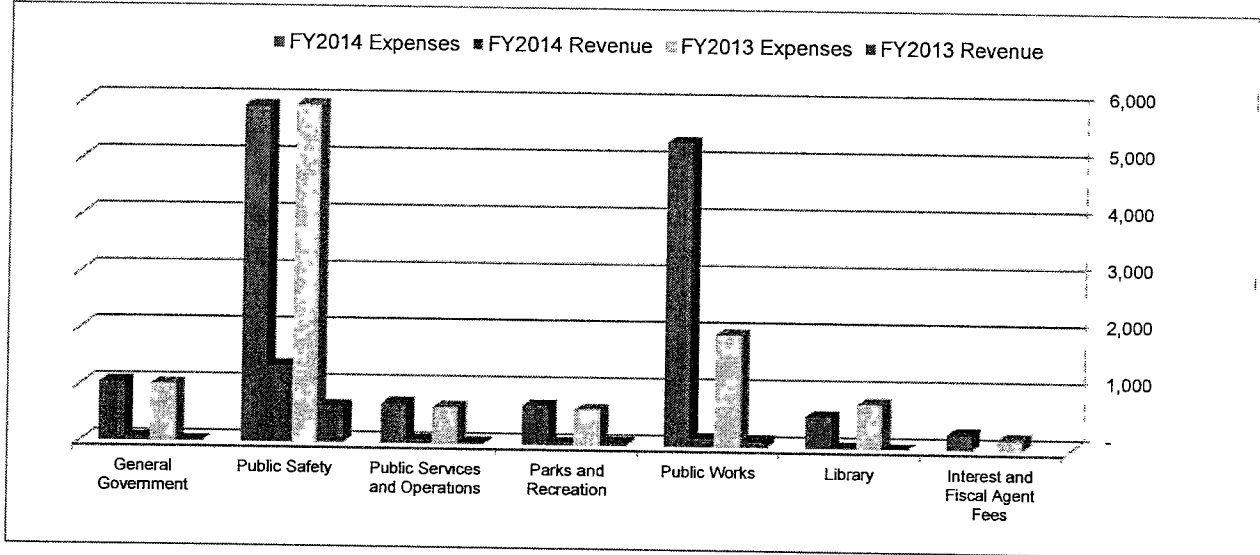
**CITY OF MOUNT PLEASANT, TEXAS**  
**MANAGEMENT DISCUSSION AND ANALYSIS (continued)**  
**SEPTEMBER 30, 2014**

**Governmental-type activities** - Governmental-type activities decreased the City's net position by (\$3,065,509). Key elements of this decrease are as follows:

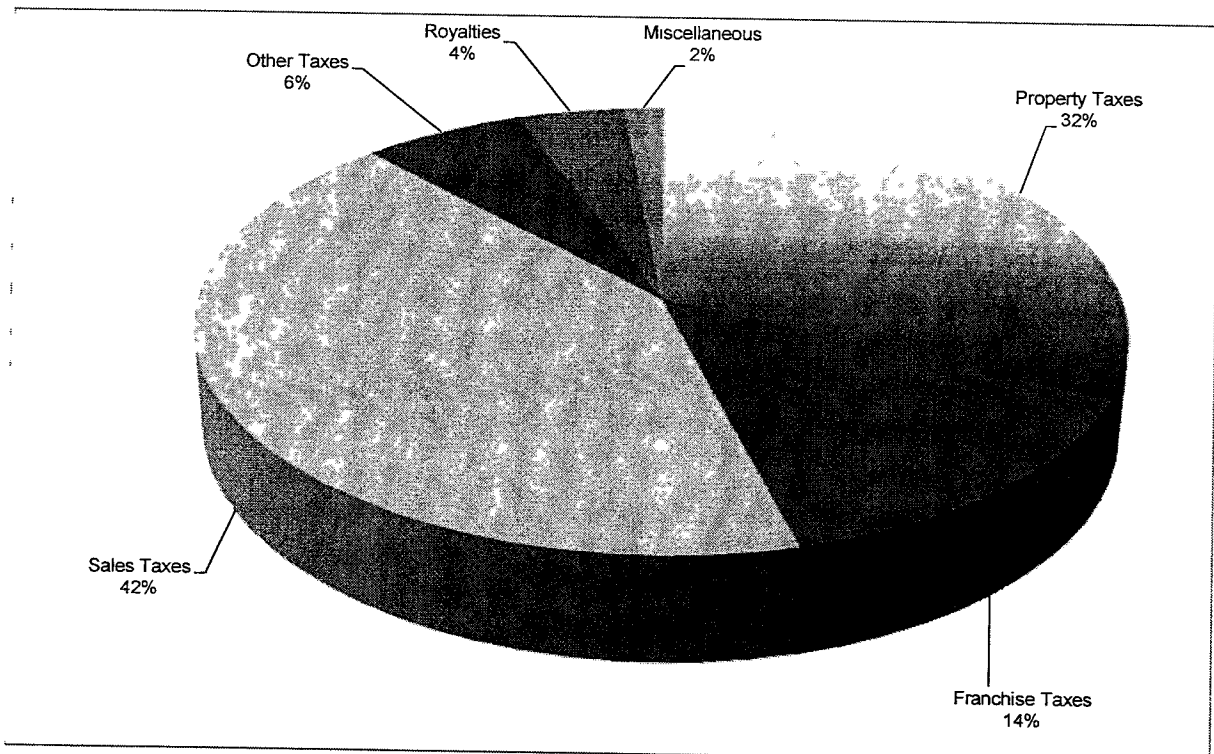
The City's portion of the State's Loop project was \$3,660,910, which is offset with an increase in property tax, sales tax and franchise tax revenues of \$588,283, or 7%.

**Expenses and Program Revenues - Governmental Activities**

(amounts expressed in thousands)



**Revenues by Source - Governmental Activities**



**CITY OF MOUNT PLEASANT, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

**Financial Analysis of the City's Funds**

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

**Governmental Funds**

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

At September 30, 2014, the City's governmental funds reported total fund balances of \$8,665,382, a (35%) decrease in comparison with the prior year's total ending fund balances. The components of total fund balance are as follows:

- Nonspendable fund balance, \$7,202, consists of amounts that are not spendable in form and are contractually required to be maintained intact. These are prepaid expenses for worker's compensation insurance.
- Restricted fund balances totalling, \$2,972,443, consists of amounts restricted by external laws or contractual obligations are as follows: \$221,994, or 7.5%, for business development, \$2,278,490, or 76.7%, for capital improvement projects, \$115,753, or 3.8%, for court use, \$187,686, or 6.3%, for tourism, and \$168,520, or 5.7%, for debt requirements.
- Assigned fund balances totalling, \$3,655,976, represents fund balances intended for use by special revenue funds including: \$67,380, or 1.8%, for public safety use, \$3,251,938, or 88.9%, for capital improvement projects, \$109,447, or 3%, for community improvement projects, \$2,560, or 0.2%, for cemetery, \$202,787, or 5.5%, for park projects, and \$21,864, or 0.6%, for library use.
- Unassigned fund balance, \$2,029,761, represents residual available fund balances that have not been restricted, committed or assigned by management, City Council, or otherwise.

**General Fund** - The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,164,685, compared to \$2,412,482 at the end of the prior fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 26% of total General Fund expenditures.

**Other Governmental Funds** - As compared with the prior year, the total fund balances of the remaining governmental funds decreased (43%), or (\$4,640,210), to \$6,209,222 with the following significant changes:

- The fund balance of the Street Fund decreased (48%), or (\$4,713,874), primarily as a result of the City's portion of the State's loop project.
- The fund balance of the Other Governmental Funds increased 7%, or \$73,664, primarily as a result of increased collections in hotel tax revenues.

**Proprietary Funds**

The City's proprietary fund statements provide essentially the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to \$1,492,729, a (58%) decrease from the prior year. This is due to total charge for services decreasing (11%) in comparison to the prior year along with concurrent expenditure increases.

**CITY OF MOUNT PLEASANT, TEXAS  
MANAGEMENT DISCUSSION AND ANALYSIS (continued)  
SEPTEMBER 30, 2014**

**Budgetary Highlights**

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

General Fund revenues collected were significantly more than budget projections. General Fund expenditures were 0.7% more than budgeted.

**Economic Factors and Next Year's Budgets and Rates**

The following known factors were considered in preparing the City's operating budget for FY 2014-2015:

- The budget for all funds totals \$33,016,435 and includes remaining funds for the completion of construction on the new water plant, completion of the rehabilitation of the I-30 water treatment plant, continuation of Phase II of NW 12 roadway and completion of the automated meter reading system throughout the City.
- The adopted property tax rate for FY2014-2015 increased to \$0.3437 per \$100 valuation.
- Property tax, sales tax, and franchise tax collections increased \$588,283, or 7%, over the previous year. There have been no proposed increases for water/wastewater fees. An increase of 1.6%, based on CPI has been budgeted for solid waste billings per contract with Republic Waste.

**Requests for Information**

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



CITY OF MOUNT PLEASANT, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| Function/Program Activities           | Expenses          | Program Revenues     |                                    |                                  |
|---------------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>             |                   |                      |                                    |                                  |
| Governmental Activities:              |                   |                      |                                    |                                  |
| General government                    | \$ 1,035,616      | \$ 27,081            | \$ 35,745                          | \$ -                             |
| Public Safety                         | 5,918,178         | 851,275              | 475,900                            | 35,000                           |
| Library                               | 562,332           | 8,492                | 24,277                             | -                                |
| Public services and operations        | 711,463           | 49,334               | 15,377                             | -                                |
| Parks and recreation                  | 699,388           | 50,167               | -                                  | -                                |
| Public works                          | 5,366,980         | 147,847              | -                                  | -                                |
| Interest on long-term debt            | 278,887           | -                    | -                                  | -                                |
| <b>Total governmental activities</b>  | <b>14,572,844</b> | <b>1,134,196</b>     | <b>551,299</b>                     | <b>35,000</b>                    |
| Business-type Activities:             |                   |                      |                                    |                                  |
| Utility                               | 8,637,099         | 9,838,779            | -                                  | -                                |
| Airport                               | 1,426,482         | 968,808              | 15,432                             | 1,264,583                        |
| Civic center                          | 501,263           | 102,401              | -                                  | -                                |
| <b>Total business-type activities</b> | <b>10,564,844</b> | <b>10,909,988</b>    | <b>15,432</b>                      | <b>1,264,583</b>                 |
| <b>Total primary government</b>       | <b>25,137,688</b> | <b>12,044,184</b>    | <b>566,731</b>                     | <b>1,299,583</b>                 |
| <b>Component Unit</b>                 |                   |                      |                                    |                                  |
| Industrial Development Corporation    | 727,866           | -                    | 10,415                             | -                                |
| <b>Total component unit</b>           | <b>\$ 727,866</b> | <b>\$ -</b>          | <b>\$ 10,415</b>                   | <b>\$ -</b>                      |

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

CITY OF MOUNT PLEASANT, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

|  | General<br>Fund     | Street<br>Fund      | Other<br>Governmental<br>Funds | Total               |
|--|---------------------|---------------------|--------------------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |                                |                     |
| Cash and cash equivalents  | \$ 2,013,223        | \$ 3,123,445        | \$ 811,402                     | \$ 5,948,070        |
| Receivables, net of allowance for uncollectibles                               | 870,358             | -                   | 37,148                         | 907,506             |
| Cash and cash equivalents - restricted   | 118,270             | 2,121,213           | 482,468                        | 2,721,951           |
| Prepaid expense  | 7,202               | -                   | -                              | 7,202               |
| <b>Total Assets</b>  | <u>3,009,053</u>    | <u>5,244,658</u>    | <u>1,331,018</u>               | <u>9,584,729</u>    |
| <b>LIABILITIES</b>   |                     |                     |                                |                     |
| Accounts payable   | 185,086             | 157,614             | 62,805                         | 405,505             |
| Accrued liabilities  | 204,646             | 10,734              | -                              | 215,380             |
| Accrued interest payable   | -                   | -                   | 135,301                        | 135,301             |
| Other liabilities  | 47,116              | -                   | -                              | 47,116              |
| <b>Total Liabilities</b>   | <u>436,848</u>      | <u>168,348</u>      | <u>198,106</u>                 | <u>803,302</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                     |                     |                                |                     |
| Unavailable revenue-property taxes   | 116,045             | -                   | -                              | 116,045             |
| <b>Total Deferred Inflows of Resources</b>                                     | <u>116,045</u>      | <u>-</u>            | <u>-</u>                       | <u>116,045</u>      |
| <b>Fund Balances</b>   |                     |                     |                                |                     |
| Nonspendable:  |                     |                     |                                |                     |
| Prepaid items and other assets   | 7,202               | -                   | -                              | 7,202               |
| Restricted for:  |                     |                     |                                |                     |
| Court use  | 115,753             | -                   | -                              | 115,753             |
| Debt service   | 168,520             | -                   | -                              | 168,520             |
| Hotel/Motel  | -                   | -                   | 187,686                        | 187,686             |
| Capital projects   | -                   | 2,121,213           | 157,277                        | 2,278,490           |
| Development  | -                   | -                   | 221,994                        | 221,994             |
| Assigned to:   |                     |                     |                                |                     |
| Public safety  | -                   | -                   | 67,380                         | 67,380              |
| Capital projects   | -                   | 2,955,097           | 296,841                        | 3,251,938           |
| Community improvements   |                     |                     | 109,447                        | 109,447             |
| Cemetery   |                     |                     | 2,560                          | 2,560               |
| Parks  | -                   | -                   | 202,787                        | 202,787             |
| Library  | -                   | -                   | 21,864                         | 21,864              |
| Unassigned   | 2,164,685           | -                   | (134,924)                      | 2,029,761           |
| <b>Total Fund Balance</b>  | <u>2,456,160</u>    | <u>5,076,310</u>    | <u>1,132,912</u>               | <u>8,665,382</u>    |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <u>\$ 3,009,053</u> | <u>\$ 5,244,658</u> | <u>\$ 1,331,018</u>            | <u>\$ 9,584,729</u> |

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

**CITY OF MOUNT PLEASANT, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

|  | General<br>Fund     | Street<br>Fund      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| <b>REVENUE</b>                                       |                     |                     |                                |                                |
| Taxes:   |                     |                     |                                |                                |
| Property   | \$ 2,489,112        | \$ -                | \$ 256,360                     | \$ 2,745,472                   |
| Sales  | 3,751,025           | -                   | -                              | 3,751,025                      |
| Hotel  | -                   | -                   | 546,141                        | 546,141                        |
| Beverage   | 28,755              | -                   | -                              | 28,755                         |
| Franchise  | -                   | 1,269,554           | 27,081                         | 1,296,635                      |
| Fines and forfeitures                                | 752,660             | -                   | -                              | 752,660                        |
| Licenses and permits                                 | 74,102              | -                   | -                              | 74,102                         |
| Charge for services                                  | 157,189             | 1,658               | 14,400                         | 173,247                        |
| Donations  | 11,627              | -                   | 28,261                         | 39,888                         |
| Grant  | 32,706              | -                   | 2,516                          | 35,222                         |
| Intergovernmental revenue                            | 448,789             | -                   | 27,400                         | 476,189                        |
| Royalties  | -                   | 380,154             | -                              | 380,154                        |
| Investment income                                    | 2,785               | 5,502               | 605                            | 8,892                          |
| Miscellaneous  | 147,291             | 9,808               | 25,116                         | 182,215                        |
| <b>Total revenues</b>                                | <u>7,896,041</u>    | <u>1,666,676</u>    | <u>927,880</u>                 | <u>10,490,597</u>              |
| <b>EXPENDITURES</b>                                  |                     |                     |                                |                                |
| Current:   |                     |                     |                                |                                |
| General government                                   | 747,066             | -                   | 204,424                        | 951,490                        |
| Public safety  | 5,638,881           | -                   | 43,579                         | 5,682,460                      |
| Library  | 303,852             | -                   | 9,707                          | 313,559                        |
| Public works   | 128,571             | 4,675,161           | -                              | 4,803,732                      |
| Public services and operations                       | 649,337             | -                   | 36,869                         | 686,206                        |
| Parks and recreation                                 | 588,805             | -                   | 8,159                          | 596,964                        |
| Capital outlays:                                     |                     |                     |                                |                                |
| General government                                   | 7,600               | -                   | 90,553                         | 98,153                         |
| Public safety  | 132,707             | -                   | 24,717                         | 157,424                        |
| Library  | 51,165              | -                   | 11,294                         | 62,459                         |
| Public works   | 20,492              | 1,856,075           | -                              | 1,876,567                      |
| Parks and recreation                                 | 19,730              | -                   | 28,986                         | 48,716                         |
| Debt service:  |                     |                     |                                |                                |
| Principal retirement                                 | -                   | 305,000             | 105,000                        | 410,000                        |
| Interest   | -                   | 149,013             | 163,700                        | 312,713                        |
| <b>Total expenditures</b>                            | <u>8,288,206</u>    | <u>6,985,249</u>    | <u>726,988</u>                 | <u>16,000,443</u>              |
| Excess (deficiency) of revenues<br>over expenditures | (392,165)           | (5,318,573)         | 200,892                        | (5,509,846)                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                     |                                |                                |
| Transfers  | 361,726             | 604,699             | (127,228)                      | 839,197                        |
| Sale of assets                                       | 69,917              | -                   | -                              | 69,917                         |
| <b>Total other financing sources (uses)</b>          | <u>431,643</u>      | <u>604,699</u>      | <u>(127,228)</u>               | <u>909,114</u>                 |
| <b>Net change in fund balances</b>                   | 39,478              | (4,713,874)         | 73,664                         | (4,600,732)                    |
| <b>Fund balances, beginning</b>                      | <u>2,416,682</u>    | <u>9,790,184</u>    | <u>1,059,248</u>               | <u>13,266,114</u>              |
| <b>Fund balances, ending</b>                         | <u>\$ 2,456,160</u> | <u>\$ 5,076,310</u> | <u>\$ 1,132,912</u>            | <u>\$ 8,665,382</u>            |

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

CITY OF MOUNT PLEASANT, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES-BUDGET TO ACTUAL-GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

|  | Budgeted Amounts    |                     |                     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               | Actual              |   |
| <b>REVENUES</b>  |                     |                     |                     |   |
| Taxes:   |                     |                     |                     |   |
| Property   | \$ 2,584,956        | \$ 2,584,956        | \$ 2,489,112        | \$ (95,844)   |
| Sales  | 3,469,571           | 3,469,571           | 3,751,025           | 281,454   |
| Other  | 27,000              | 27,000              | 28,755              | 1,755   |
| Fines and Forfeitures  | 756,500             | 756,500             | 752,660             | (3,840)   |
| Licenses and Permits   | 58,400              | 58,400              | 74,102              | 15,702  |
| Charge for Services  | 156,400             | 156,400             | 157,189             | 789   |
| Donations  | 1,000               | 1,000               | 11,627              | 10,627  |
| Intergovernmental Revenue                                    | -                   | -                   | 448,789             | 448,789   |
| Grant Income   | -                   | -                   | 32,706              | 32,706  |
| Investment Income  | 3,300               | 3,300               | 2,785               | (515)   |
| Miscellaneous  | 117,000             | 117,000             | 147,291             | 30,291  |
| <b>Total Revenues</b>  | <u>7,174,127</u>    | <u>7,174,127</u>    | <u>7,896,041</u>    | <u>721,914</u>  |
| <b>EXPENDITURES</b>  |                     |                     |                     |   |
| Current:   |                     |                     |                     |   |
| General Government   | 733,051             | 733,051             | 747,066             | (14,015)  |
| Public Safety:   |                     |                     |                     |   |
| Police   | 3,442,826           | 3,442,826           | 3,592,715           | (149,889)   |
| Fire   | <u>2,068,345</u>    | <u>2,068,345</u>    | <u>2,046,166</u>    | <u>22,179</u>   |
| <b>Total Public Safety</b>                                   | <u>5,511,171</u>    | <u>5,511,171</u>    | <u>5,638,881</u>    | <u>(127,710)</u>  |
| Library  | 294,953             | 294,953             | 303,852             | (8,899)   |
| Public Works   | 133,362             | 133,362             | 128,571             | 4,791   |
| Public Services and Operations                               | 614,654             | 614,654             | 649,337             | (34,683)  |
| Parks and Recreation   | 616,354             | 616,354             | 588,805             | 27,549  |
| Capital Outlays  | <u>305,540</u>      | <u>305,540</u>      | <u>231,694</u>      | <u>73,846</u>   |
| <b>Total Expenditures</b>                                    | <u>8,209,085</u>    | <u>8,209,085</u>    | <u>8,288,206</u>    | <u>(79,121)</u>   |
| Excess (deficiency) of revenues over<br>(under) expenditures | (1,034,958)         | (1,034,958)         | (392,165)           | 642,793   |
| <b>Other Financing Sources (Uses)</b>                        |                     |                     |                     |   |
| Transfers  | 415,510             | 415,510             | 361,726             | (53,784)  |
| Sale of Assets   | -                   | -                   | 69,917              | 69,917  |
| <b>Total Other Financing Sources (uses)</b>                  | <u>415,510</u>      | <u>415,510</u>      | <u>431,643</u>      | <u>16,133</u>   |
| <b>Net Change in Fund Balance</b>                            | (619,448)           | (619,448)           | 39,478              | 658,926   |
| <b>Fund Balance, October 1</b>                               | <u>2,416,682</u>    | <u>2,416,682</u>    | <u>2,416,682</u>    |   |
| <b>Fund Balance, September 30</b>                            | <u>\$ 1,797,234</u> | <u>\$ 1,797,234</u> | <u>\$ 2,456,160</u> |   |



**CITY OF MOUNT PLEASANT, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

|   | Utility<br>Fund      | Airport<br>Fund      | Civic<br>Center     | Total<br>Proprietary<br>Funds |
|---|----------------------|----------------------|---------------------|-------------------------------|
| <b>OPERATING REVENUES:</b>  |                      |                      |                     |                               |
| Charges for services  | \$ 9,817,678         | \$ 966,972           | \$ 102,402          | \$ 10,887,052                 |
| Operating grant revenue   | -                    | 15,432               | -                   | 15,432                        |
| Capital grant revenue   | -                    | 1,264,583            | -                   | 1,264,583                     |
| Miscellaneous   | 279,922              | 653                  | 4,455               | 285,030                       |
| <b>Total operating revenues</b>                                     | <u>10,097,600</u>    | <u>2,247,640</u>     | <u>106,857</u>      | <u>12,452,097</u>             |
| <b>OPERATING EXPENSES:</b>  |                      |                      |                     |                               |
| Personal services   | 2,038,072            | 199,677              | 253,107             | 2,490,856                     |
| Supplies and materials  | 452,745              | 624,885              | 55,090              | 1,132,720                     |
| Maintenance and repair  | 606,107              | 34,964               | 15,027              | 656,098                       |
| Contractual services  | 3,752,656            | 55,475               | 111,889             | 3,920,020                     |
| Depreciation  | 1,471,815            | 511,481              | 66,152              | 2,049,448                     |
| <b>Total operating expenses</b>                                     | <u>8,321,395</u>     | <u>1,426,482</u>     | <u>501,265</u>      | <u>10,249,142</u>             |
| <b>Operating income (loss)</b>                                      | <u>1,776,205</u>     | <u>821,158</u>       | <u>(394,408)</u>    | <u>2,202,955</u>              |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                             |                      |                      |                     |                               |
| Loss on sale of assets  | 21,100               | 1,836                | -                   | 22,936                        |
| Interest revenue  | 7,795                | -                    | 263                 | 8,058                         |
| Interest expense  | (315,702)            | -                    | -                   | (315,702)                     |
| <b>Total nonoperating<br/>revenues (expenses)</b>                   | <u>(286,807)</u>     | <u>1,836</u>         | <u>263</u>          | <u>(284,708)</u>              |
| <b>Income (loss) before transfers and<br/>capital contributions</b> | <u>1,489,398</u>     | <u>822,994</u>       | <u>(394,145)</u>    | <u>1,918,247</u>              |
| <b>Transfers</b>  | <u>(1,299,754)</u>   | <u>125,710</u>       | <u>334,847</u>      | <u>(839,197)</u>              |
| <b>Change in net position</b>                                       | <u>189,644</u>       | <u>948,704</u>       | <u>(59,298)</u>     | <u>1,079,050</u>              |
| <b>Net Position, October 1</b>                                      | <u>33,549,951</u>    | <u>10,309,646</u>    | <u>1,362,986</u>    | <u>45,222,583</u>             |
| <b>Prior Period Adjustments</b>                                     | <u>40,991</u>        | <u>(25,686)</u>      | <u>(15,305)</u>     | <u>-</u>                      |
| <b>Net Position, September 30</b>                                   | <u>\$ 33,780,586</u> | <u>\$ 11,232,664</u> | <u>\$ 1,288,383</u> | <u>\$ 46,301,633</u>          |

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

CITY OF MOUNT PLEASANT, TEXAS  
 STATEMENT OF AGENCY ASSETS AND LIABILITIES  
 FIDUCIARY FUND  
 SEPTEMBER 30, 2014

|  | <u>Police<br/>Escrow Fund</u> |
|--|-------------------------------|
| <b>ASSETS</b>                          |                               |
| Cash and cash equivalents - restricted | \$ 88,422                     |
| <b>Total assets</b>                    | <u>88,422</u>                 |
| <b>LIABILITIES</b>                     |                               |
| Other accrued liabilities              | <u>88,422</u>                 |
| <b>Total liabilities</b>               | <u>\$ 88,422</u>              |

**CITY OF MOUNT PLEASANT, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies (continued)**

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

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

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

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

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF MOUNT PLEASANT, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

**2. Basis of Presentation, Basis of Accounting**

**b. Measurement Focus, Basis of Accounting (continued)**

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

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

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

Proprietary funds are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

Proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or purpose. The following is a description of the proprietary funds:

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

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

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

Agency funds account for amounts held on behalf of others by the City as a trustee, or fiduciary. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activities of this fund is excluded from the City's other financial statements because the City cannot use them to finance its operations. The City is responsible for ensuring that the assets reported are used for their intended purpose. The City has the following fiduciary fund:

The *Police Escrow Fund* is used to account for money or property seized from individuals during a drug arrest. Seizures may eventually be awarded by the Court to the Police Department for disposition. All funds acquired from seizures must be returned to the Police Department for use in law enforcement activities.

**3. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

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

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

CITY OF MOUNT PLEASANT, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

A. Summary of Significant Accounting Policies

3. Financial Statement Amounts

f. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has 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 property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

g. Compensated Absences

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

h. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds on a straight-line basis. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

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

i. Fund Equity

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

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

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

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

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

**CITY OF MOUNT PLEASANT, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts (continued)**

**m. Property Taxes**

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

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

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

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. For the fiscal year September 30, 2014, the City had a tax rate of \$0.3433 per \$100 assessed valuation based upon the maximum rates described above.

**n. Comparative Data/Reclassification**

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

**o. Interfund Activity**

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

**p. Use of Estimates**

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

**q. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

**CITY OF MOUNT PLEASANT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**B. Compliance and Accountability**

**3. Budgets and Budgetary Accounting (continued)**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. At year end, encumbrances are canceled or reappropriated as part of the following year budget.

**C. Deposits and Investments**

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

**Cash Deposits**

At September 30, 2014, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$18,166,087 and the bank balance was \$20,036,724. The City's cash deposits at September 30, 2014 and during the year ended September 30, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The amount of deposits covered by collateralized securities was \$1,971,255.

At September 30, 2014, the City's investments in TexPool and LOGIC were \$17,565,469 for investment balance and book balance. Detail of these investments is described below in the 'Investment' section.

Cash and investments as of September 30, 2014 consist of and are classified in the financial statements as follows:

**Statement of Net Position:**

**Primary Government**

|                                      |                      |
|--------------------------------------|----------------------|
| Cash and Cash Equivalents            | \$ 10,492,905        |
| Restricted cash and cash equivalents | <u>7,673,182</u>     |
| Total cash and cash equivalents      | <u>\$ 18,166,087</u> |

**Governmental - Restricted Cash**

|                                 |                     |
|---------------------------------|---------------------|
| Municipal Court                 | \$ 115,753          |
| PEG funds                       | 157,278             |
| Tobacco enforcement program     | 2,516               |
| Library grant                   | 4,102               |
| Debt Service                    | 377                 |
| Unspent Bond Proceeds           | 2,121,213           |
| Hotel tax use                   | 98,718              |
| Rural Development               | <u>221,994</u>      |
| Total cash and cash equivalents | <u>\$ 2,721,951</u> |

**Business-type- Restricted Cash**

|                                 |                     |
|---------------------------------|---------------------|
| Customer Deposits               | \$ 135,595          |
| Debt Service                    | 790,051             |
| Capital projects                | 2,361,809           |
| Unspent TWDB loan               | <u>1,663,776</u>    |
| Total cash and cash equivalents | <u>\$ 4,951,231</u> |

|                       |                     |
|-----------------------|---------------------|
| Total Restricted Cash | <u>\$ 7,673,182</u> |
|-----------------------|---------------------|

**CITY OF MOUNT PLEASANT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**C. Deposits and Investments (continued)**

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

**D. Receivables**

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

|                                       | General           | Other<br>Governmental | Utility           | Airport           | Civic         | Total               |
|---------------------------------------|-------------------|-----------------------|-------------------|-------------------|---------------|---------------------|
| Receivables:                          |                   |                       |                   |                   |               |                     |
| Taxes                                 | \$ 776,688        | \$ 37,148             | \$ -              | \$ -              | \$ -          | \$ 813,836          |
| Fees and Charges                      | 1,464,920         | -                     | 946,331           | 316,764           | 430           | 2,728,445           |
| Gross Receivables                     | 2,241,608         | 37,148                | 946,331           | 316,764           | 430           | 3,542,281           |
| Less: allowance<br>for uncollectibles | (1,371,250)       | -                     | (30,457)          | -                 | -             | (1,401,707)         |
| Net Total Receivables                 | <u>\$ 870,358</u> | <u>\$ 37,148</u>      | <u>\$ 915,874</u> | <u>\$ 316,764</u> | <u>\$ 430</u> | <u>\$ 2,140,574</u> |

The Proprietary Fund accounts receivable includes unbilled charges for services of \$635,783 rendered as of fiscal year end.



**CITY OF MOUNT PLEASANT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**E. Capital Assets (continued)**

| <b>Business-type Activities</b>              | <b>Beginning<br/>Balances</b> | <b>Transfers</b> | <b>Additions</b>    | <b>Decreases</b> | <b>Ending<br/>Balances</b> |
|--|-------------------------------|------------------|---------------------|------------------|----------------------------|
| Capital assets, not being depreciated        |                               |                  |                     |                  |                            |
| Land   | \$ 8,772,848                  | \$ -             | \$ -                | \$ -             | \$ 8,772,848               |
| Construction in Progress                     | 18,021,361                    | (945,521)        | 5,089,665           | -                | 22,165,505                 |
| Total capital assets, not being depreciated  | 26,794,209                    | (945,521)        | 5,089,665           | -                | 30,938,353                 |
| Capital assets, being depreciated:           |                               |                  |                     |                  |                            |
| Buildings                                    | 13,939,078                    | -                | 18,235              | -                | 13,957,313                 |
| Improvements                                 | 13,142,145                    | 221,339          | 306,714             | -                | 13,670,198                 |
| Infrastructure                               | 26,903,385                    | 491,495          | 29,713              | -                | 27,424,593                 |
| Machinery                                    | 4,906,381                     | 232,687          | 283,459             | (31,489)         | 5,391,038                  |
| Vehicles                                     | 1,046,328                     | 62,433           | 40,983              | (125,154)        | 1,024,590                  |
| Total capital assets being depreciated       | 59,937,317                    | 1,007,954        | 679,104             | (156,643)        | 61,467,732                 |
| Less accumulated depreciation for:           |                               |                  |                     |                  |                            |
| Buildings                                    | (7,269,351)                   | -                | (304,585)           | -                | (7,573,936)                |
| Improvements                                 | (3,784,302)                   | -                | (607,806)           | -                | (4,392,108)                |
| Infrastructure                               | (8,870,987)                   | -                | (509,666)           | -                | (9,380,653)                |
| Machinery                                    | (4,230,526)                   | -                | (517,423)           | 31,489           | (4,716,460)                |
| Vehicles                                     | (878,141)                     | -                | (109,968)           | 125,154          | (862,955)                  |
| Total accumulated depreciation               | (25,033,307)                  | -                | (2,049,448)         | 156,643          | (26,926,112)               |
| Total capital assets, being depreciated, net | 34,904,010                    | 1,007,954        | (1,370,344)         | -                | 34,541,620                 |
| Business-type activities capital asset, net  | <u>\$ 61,698,219</u>          | <u>\$ 62,433</u> | <u>\$ 3,719,321</u> | <u>\$ -</u>      | <u>\$ 65,479,973</u>       |

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

|   |                     |
|---|---------------------|
| <b>Governmental activities:</b>                       |                     |
| Administration  | \$ 102,578          |
| Municipal Court                                       | 35,767              |
| Public Services                                       | 27,295              |
| Library   | 248,773             |
| Police Department                                     | 139,905             |
| Fire Department                                       | 89,809              |
| Parks & Recreation                                    | 102,423             |
| Streets   | 569,754             |
| Total depreciation expense - governmental activities  | <u>\$ 1,316,304</u> |
| <b>Business-type activities:</b>                      |                     |
| Utility   | \$ 1,471,815        |
| Airport   | 511,481             |
| Civic Center  | 66,152              |
| Total depreciation expense - business-type activities | <u>\$ 2,049,448</u> |

**CITY OF MOUNT PLEASANT, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**F. Long-Term Obligations (continued)**

Changes in Governmental Long-term Debt by Debt Series

| Description          | Interest Rate Payable | Amounts Issue       | Amounts Outstanding September 30, 2013 | Issued            | Retired             | Amounts Outstanding September 30, 2014 | Due Within One Year |
|----------------------|-----------------------|---------------------|--|-------------------|---------------------|--|---------------------|
| 2010 Lib C.O.'s      | 2.000%                | \$ 4,500,000        | \$ 4,210,000                           | \$ -              | \$ (105,000)        | \$ 4,105,000                           | \$ 120,000          |
| 2012 Comb Tax & Rev  | 2%-2.75%              | 7,115,000           | 6,970,000                              | -                 | (305,000)           | 6,665,000                              | 310,000             |
| Total Bonds Payable  |                       | 11,615,000          | 11,180,000                             | -                 | (410,000)           | 10,770,000                             | 430,000             |
| Compensated absences |                       | -                   | 452,191                                | 401,027           | (430,789)           | 422,429                                | 26,180              |
| Totals               |                       | <u>\$11,615,000</u> | <u>\$ 11,632,191</u>                   | <u>\$ 401,027</u> | <u>\$ (840,789)</u> | <u>\$ 11,192,429</u>                   | <u>\$ 456,180</u>   |

Debt service requirements are as follows:

| Year Ending September 30: | Principal            | Interest            | Total Requirements   |
|---------------------------|----------------------|---------------------|----------------------|
| 2015                      | \$ 430,000           | \$ 273,700          | \$ 703,700           |
| 2016                      | 455,000              | 265,000             | 720,000              |
| 2017                      | 470,000              | 255,850             | 725,850              |
| 2018                      | 490,000              | 245,675             | 735,675              |
| 2019                      | 515,000              | 234,825             | 749,825              |
| 2020-2024                 | 2,960,000            | 979,535             | 3,939,535            |
| 2025-2029                 | 3,725,000            | 555,798             | 4,280,798            |
| 2029-2032                 | 1,725,000            | 68,745              | 1,793,745            |
| Totals                    | <u>\$ 10,770,000</u> | <u>\$ 2,879,128</u> | <u>\$ 13,649,128</u> |

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

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

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

| Description          | Interest Rate Payable | Amounts Original Issue | Amounts Outstanding September 30, 2013 | Issued            | Retired               | Amounts Outstanding September 30, 2014 | Due Within One Year |
|----------------------|-----------------------|------------------------|--|-------------------|-----------------------|--|---------------------|
| 2006 Utility Refund  | 4.88%                 | \$ 3,320,000           | \$ 2,890,000                           | \$ -              | \$ (190,000)          | \$ 2,700,000                           | \$ 190,000          |
| 2008 Utility Revenue | 1.00%                 | 24,785,000             | 24,095,000                             | -                 | (595,000)             | 23,500,000                             | 610,000             |
| 2010 Rev Refunding   | 1.00%                 | 3,295,000              | 2,560,000                              | -                 | (400,000)             | 2,160,000                              | 405,000             |
| Total Bonds Payable  |                       | 31,400,000             | 29,545,000                             | -                 | (1,185,000)           | 28,360,000                             | 1,205,000           |
| Compensated Absences |                       |                        | 132,768                                | 103,068           | (63,368)              | 172,468                                | 8,210               |
| Totals               |                       | <u>\$31,400,000</u>    | <u>\$ 29,677,768</u>                   | <u>\$ 103,068</u> | <u>\$ (1,248,368)</u> | <u>\$ 28,532,468</u>                   | <u>\$ 1,213,210</u> |